

Chief of Staff Rav-Aluf Rafael Eitan meets with Israeli soldiers in Lebanon for a discussion of the military and political situation. (IPPA)

Italy wins World Cup for third time

MADRID. — Italy turned on a typical second-half surge last night to score a clearcut 3-1 victory over West Germany in the final of the World Cup soccer championship and equal Brazil's record three wins before a crowd of 110,000.

Just as in Italy's last three matches, it was Paolo Rossi who secured the breakthrough. His opening goal in the 57th minute took the 25-year-old striker's tally to six and left him as the World Cup top goal scorer.

The final, between two tired teams, only became a fitting climax to the four-week showpiece of international soccer in the second period.

Italy sorely missed the midfield inspiration of injured Giancarlo Antognoni, while the West Germans played captain Karl-Heinz Rummenigge for 69 minutes even though he was obviously only half fit.

After the scoreless first half that was a bonecrunching, stagnant battle, enlivened only when Italy's Antonio Cabrini missed a penalty in the 26th minute, Rossi's goal 12 minutes after the interval opened the way to a thrilling conclusion of both the match and the 52-game tournament.

Marco Tardelli made sure of Italy's win with the second goal in the 59th minute. Alessandro Altobelli put Italy three up with nine minutes left, and Paul Breitner, veteran of West Germany's 1974 winning World Cup team, scored Germany's consolation goal two minutes later.

Italy became the first European team for four years to defeat West Germany, ending an unbeaten sequence of 33 matches.

Rossi, the storybook hero of the 1982 World Cup after a two-year suspension in a bribery scandal, scored in the 57th minute. Italy's Claudio Gentile sent a free-kick across the penalty area that eluded several players before Rossi headed it past German goalkeeper Harald Schumacher, who had come off his line.

Tardelli made it 2-0 for Italy in the 69th minute. Gaetano Scirea (Continued on page 2, col. 6)

Sharon asked Avnery to meet with Arafat

By ISRAEL AMRANI
Jerusalem Post Reporter

Acting Attorney-General Meir Gabbai yesterday decided to hand over the case of journalist Uri Avnery's meeting with PLO leader Yasser Arafat to police investigations chief Yehzekel Carthy for investigation. His decision followed a long meeting with State Attorney Yona Batman and aides.

Gabbai said the investigation will determine whether Avnery's meeting with Arafat violated a section of the Penal Law of 1977, which deals with state security, foreign relations and official secrets. Sarit Yishai and Anat Sargosti, the two Israeli journalists who accompanied Avnery to West Beirut, will be questioned in the investigation.

It was revealed to *The Jerusalem Post* yesterday that Prime Minister Menachem Begin wished Avnery good luck before his meeting with senior PLO officials in Europe in 1978. This was told by Avnery's lawyer Amnon Zichroni who accompanied Avnery to Europe. Zichroni also revealed that Defence Minister Ariel Sharon, had requested that Avnery and Zichroni arrange a meeting between him and Arafat.

Zichroni said he had used the facts of Begin's and Sharon's 1978 goodwill as arguments for the closing of the case against Avnery during yesterday's meeting in the Justice Ministry.

(Continued on page 2, col. 1)

Mine kills six Lebanese children

By MENAHEM HOROWITZ
Jerusalem Post Reporter

BEKAA VALLEY. — Six Lebanese children were killed and 24 wounded, many of them seriously, when a truck carrying them hit and exploded a mine in the demilitarized zone between the Israeli and Syrian lines here at 7.15 yesterday morning.

The children were being delivered to the valley's fields, where they were to pick fruit.

Israel Defence Forces soldiers hurried to the scene and gave first aid. They evacuated the wounded

children to a Lebanese aid station at Jab Jouin, from where they were flown by helicopter to hospitals in Israel. Six were flown to Rambam Hospital in Haifa, and 18 to hospitals in the centre of the country.

In an intensive search of the area of the explosion, IDF forces found three more mines.

IDF sources said that Syrian Army commandos probably planted the mines after the cease-fire.

The IDF permits Lebanese farmers to enter the area and work their fields.

Military court acquits Birzeit student

By DAVID RICHARDSON
Jerusalem Post Reporter

A military court in Ramallah yesterday acquitted a Birzeit University student of charges of attacking an Israeli official of the civil administration.

Sami Aiyad had been accused of attacking Zion Gabbai, an official of the civil administration in charge of education last February. Gabbai had gone to the university to meet the acting president and was allegedly clubbed and stoned by rampaging students who objected to his presence on the campus. He es-

caped by firing his pistol in the air. Aiyad was in detention since then pending the outcome of his trial.

In another development, the Judea and Samaria civil administration dismissed an appointed council in the township of Dir Dibwan north of Ramallah. The appointed council had been responsible for a strike for the past month and a half following a pattern of protest set by several other municipalities in the area.

A new council has been appointed, comprising three local officials.

Cease-fire halts shelling after fiercest artillery duels so far

Begin pessimistic, but gives Habib more time

Jerusalem Post Reporter

Prime Minister Menachem Begin told the cabinet yesterday that his trust in the serious intentions of the PLO leaders in West Beirut is shrinking. Nevertheless, he said, the government has to give special American envoy Philip Habib more time to continue with his peace-making efforts.

The switch from last week's strong optimism to yesterday's pessimism reflects the reports given the cabinet by Foreign Ministry Director-General David Kimche and IDF intelligence chief Aluf Yehoshua Saguy, who were in Beirut over the weekend.

Begin said that Israel ought not to take steps that might be interpreted as hampering Habib's efforts. He stressed, however, that Israel cannot allow the present apparent deadlock to drag on much longer. There are, he said, many reasons for this, the Israeli casualties in the

siege being only one of them.

If the political efforts prove futile and talking no longer avails, Begin said, a number of avenues are open.

Kimche confirmed that one of the main obstacles as things stand now is the refusal of the Arab countries, particularly Syria, to take the PLO in. On this point, Foreign Minister Yitzhak Shamir explained that Habib's deputy, Morris Draper, came back from Damascus suggesting that the Syrian government might still be open to persuasion on giving the PLO a temporary or permanent haven. Shamir said that the final decision in Damascus will reflect the efficacy of Saudi Arabian efforts, which Riyadh is making with the Syrians at the request of the U.S.

Another obstacle, the cabinet ministers were told, is the PLO's refusal to consider leaving Beirut by sea, and its insistence on going out (Continued on page 2, col. 4)

Jerusalem Staff and agencies

The Israel Defence Forces and the PLO yesterday fought one of the fiercest artillery battles of the five-week old Operation Peace for Galilee, firing nearly 2,000 shells an hour in Beirut from before dawn until a 9 p.m. cease-fire brought another halt to the fighting.

Twenty-eight Israeli soldiers were wounded in the exchanges, which began at 3 a.m., the IDF spokesman said.

Radio Free Lebanon reported last night that the PLO fired two Soviet-made Grad missiles at IDF positions at about 10 p.m., one hour after the cease-fire went into effect.

Radio free Lebanon in East Beirut reported 68 persons killed and 100 wounded from the shelling. Leftist sources in PLO-controlled West Beirut said 16 persons were either dead or wounded, according to United Press International.

Yesterday's fighting saw a significant escalation for the first time since Israel's invasion on June 6,

PLO terrorists shelled the predominantly Christian East Beirut.

An IDF spokesman said last night that neither the navy nor the air force saw action yesterday and the IDF restricted its artillery fire to the southern, predominantly terrorist-controlled, sectors of the city.

The terrorists yesterday used Katyusha rockets, Sagger anti-tank missiles, mortars and artillery to attack Israeli and Christian positions, resulting in yesterday's relatively heavy casualty figures.

Israeli forces concentrated their artillery, (captured) Katyusha and tank fire on Burj Al-Barajneh, Leila and Hi-Aslum, three Palestinian-dominated areas in the southern part of West Beirut. Some of the terrorist positions attacked were less than 500 metres from Israeli lines.

The main Israeli response to the terrorist fire came in the mid-afternoon, when a terrorist Katyusha barrage fell on Ba'abda and hit, among other things in the area, the presidential palace.

Military sources said last night that the terrorists made heavy use of (Continued on page 2, col. 6)

Israel to permit Red Cross to visit PLO detainees

By BENNY MORRIS
Post Diplomatic Reporter

Israel will permit International Red Cross officials to visit PLO "administrative detainees" captured in Lebanon from "next week."

Foreign Minister Yitzhak Shamir said this yesterday to Peter McPherson, of the U.S. Agency for International Development, who is coordinating American relief activities in Lebanon.

Shamir stressed that Israel is extending this privilege to the "terrorists" as "a humanitarian gesture." However, Israel persists in its refusal to recognize the PLO detainees as "prisoners of war."

Shamir told his guest.

Israel has consistently refused the IRC request that it give the detainees "PoW" status, which would entitle them to protection under the relevant Geneva conventions.

At their 40-minute talk yesterday, McPherson told Shamir of the "substantial damage" he saw in Tyre, Sidon and Damour. McPherson said that the U.S. has earmarked \$65 million for aid to war-ravaged Southern Lebanon but stressed that the U.S. is not able to reconstruct southern Lebanon all alone. He expressed the hope that Israel will also participate in the work of (Continued on page 2 col. 2)

Beirut's fighting overshadows Habib's diplomatic efforts

Jerusalem Post Staff and agencies

Yesterday's intense fighting in Beirut overshadowed efforts to find a peaceful solution to the crisis, with Prime Minister Shafik Wazzan spending much of the day trying to arrange a cease-fire, according to agency reports from Beirut.

Wazzan reportedly urged U.S. envoy Philip Habib to intervene with the Israelis, and repeated the appeal on Lebanese state radio with a call on Washington "to bring firm pressure on Israel since it enjoys control over Israel as well as power in the international arena."

Earlier in the day, Wazzan was reportedly intending to present

Habib with a new PLO blueprint, formally proposed by chairman Yasser Arafat.

The 11-point blueprint, which Arafat described as his "final bottom line," was also sent to the UN, France and the Soviet Union in an attempt to rally international support for the plan, the independent Beirut newspaper *An-Nahar* reported.

But U.S. and Lebanese mediators were unable to meet yesterday to discuss the Arafat blueprint. Shells rained down near their mansions in West Beirut and the Christian-inhabited suburban townships of Ba'abda and Yarzeh. (Continued on back page)

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TAX FREE

Navon rejects Mitterrand's comparison with Nazi atrocity

By BENNY MORRIS
Post Diplomatic Reporter and Agencies

President Yitzhak Navon yesterday strongly condemned French President Francois Mitterrand's statement on Saturday comparing Israel's siege of West Beirut with the Nazi massacre of French civilians at Oradour-sur-Glane in 1944.

Speaking at the annual memorial ceremony for Theodor Herzl on Mount Herzl in Jerusalem, Navon said: "This time you have gone too far." He described Mitterrand's comparison as "terrible... it dishonours the dead of Oradour and the Resistance," in whose ranks Mitterrand served during World War II.

"We reject your words completely," said Navon, adding that Israel's soldiers conscientiously avoided injuring civilians in Lebanon.

In June 1944, the SS Des Reich Division massacred some 600 French civilians in retaliation for the killing of one of the division's officers by the local Resistance.

"Whenever a military operation runs into difficulties, it results in 'Oradour-type' incidents," Mitterrand was quoted as saying in Budapest on Saturday. "I did not accept these incidents in France and I will not accept them in Lebanon. I will not agree that Beirut become a new Oradour."

Official French sources subse-

quently denied that Mitterrand had compared Israel's operation in Lebanon to the acts of the Nazis in occupied Europe. The sources said that Mitterrand had been asked by the correspondent of the PLO news agency Wafa what he thought about "the Oradour carried out by the Israelis in Lebanon."

According to this version, Mitterrand replied: "I did not condone Oradour in France and I would not condone it in Lebanon."

Navon's statement did not receive the prior approval of the cabinet, which was represented at the ceremony by Prime Minister Menachem Begin.

Foreign Minister Yitzhak Shamir yesterday told the cabinet that he has instructed Israel's ambassador

to Paris, Meir Rosenne, to deliver "a sharp protest" against Mitterrand's statement.

Foreign ministry sources last night declined to reveal the content of the Israeli protest.

Knowledgeable sources in Jerusalem said that Mitterrand's statement is one of a number recently made by European leaders explicitly or implicitly comparing Israeli acts in Lebanon to those of the Nazis in Europe.

Last week, Italian Foreign Minister Emilio Colombo spoke in parliament of Israel's "genocide" against the Lebanese people. For the past few weeks, Greek leaders have been explicitly comparing the Israeli action in Lebanon to Nazi actions.

Cabinet orders investigation of Mapam anti-war pamphlet

By DAVID LANDAU
Post Diplomatic Correspondent

The attorney-general is to examine whether the Mapam party committed a crime by reportedly disseminating a leaflet critical of the war to soldiers serving in Lebanon.

Acting Attorney-General Meir Gabbai (Attorney-General Yitzhak Zamir is abroad) was asked at yesterday's cabinet meeting to consider whether dissemination of the leaflet constituted an offence.

Justice Ministry spokesman Yitzhak Feinberg said last night that

the top legal staff of the ministry — including Director-General Gabbai and State Attorney Yona Batman — would meet to discuss the case and would make a recommendation "within a few days."

There was general outrage in the cabinet when Premier Menachem Begin produced the leaflet and said that Mapam had apparently been distributing it among the frontline troops.

The leaflet was headlined "The War in Lebanon... Position Paper No. 1," and was issued by

"Mapam's Information Team." It asserted that "Operation Peace for Galilee was not intended by the government only to bring peace to the Galilee..." That could have been achieved by a much smaller military operation, it said.

"It is now clear beyond doubt that the name 'Peace for Galilee' was given to a much more far-reaching military move, carefully planned over a long period... based on a political-ideological outlook that is alien to us," the pamphlet stated.

While the PLO terrorists must be fought, "we must realize that they can only be overcome by (Israel) offering a better alternative for the feelings of bitterness and frustration of four million Palestinians..." "Operation Peace for Galilee" is based on the groundless assumption that it is possible to destroy the PLO by military means... An operation intended to achieve this goal is an impossible mission.

Israel's plan to affect the future political structure of Lebanon was (Continued on page 3)

The weather at major Swissair destinations

11.7.1982	C	F	C	F
AMSTERDAM	20	68	28	82
BRUSSELS	18	64	27	81
CHICAGO	18	64	27	81
DENVER	18	64	27	81
FRANKFURT	18	64	27	81
GENEVA	18	64	27	81
HELSINKI	13	55	23	73
HONG KONG	27	81	21	69
JOHANNESBURG	8	46	17	63
LISBON	18	64	27	81
LONDON	17	63	26	79
MADRID	18	64	27	81
MONTREAL	18	64	27	81
NEW YORK	22	72	31	88
OSLO	17	63	26	79
PARIS	18	64	27	81
RIO DE JANEIRO	18	64	27	81
SAO PAULO	18	64	27	81
STOCKHOLM	18	64	27	81
TOKYO	22	72	31	88
TORONTO	18	64	27	81
VIENNA	18	64	27	81
ZURICH	18	64	27	81

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THE WEATHER

Yesterday's	Yesterday's	Today's
Humidity	Min-Max	Max
Jerusalem	43-57	27
Golan	37	28
Nahariya	34	28
Safed	35	28
Haifa Port	59	38
Tiberias	49	34
Nazareth	51	34
Afula	42	31
Shomron	44	29
Tel Aviv	56	30
B-G Airport	43	30
Jericho	33	35
Gaza	65	37
BeerSheva	38	31
Eilat	37	38

AVNERY

(Continued from Page One)

He said Avnery's meetings with senior PLO officials in Europe had enjoyed not only the tacit approval of the government, but also its active support — "namely state-paid trips" for Avnery and Zichroni.

The PLO-Israeli peace contacts began at the end of 1974, when Avnery met with the late Sa'ad Hamami in London, Zichroni said. Upon his return, Avnery notified then-prime minister Yitzhak Rabin, then-justice minister Haim Zadok and then-foreign minister Yigal Alon of the meeting.

According to Zichroni, Rabin requested a meeting with then-General Security Services (SHABAK) chief Avraham Ahituv to discuss the matter. Ahituv applauded the contacts, and said there was no reason to stop them. Avnery then continued his contacts by telephone, Zichroni said.

The Knesset discussed Avnery's contacts with the PLO late in 1976. Zadok told MKs that the meeting did not harm state security, in the opinion of the State Security Services. The government did not react to a joint communiqué released by Aluf (res.) Matkhiyah Peled and Issam Sartawi, diplomatic advisor to Arafat.

Following the Litani Operation in 1978, Zichroni said, then-defence minister Ezer Weizman requested Avnery to help secure the release of IDF soldier Avraham Amram, who had been captured by the PLO, as well as the bodies of four soldiers. Following this request, Avnery and Zichroni travelled on state-paid trips to Europe where they met with PLO officials.

Zichroni said the present investigation was "clearly a political act, aimed at delegitimizing a peace camp activist." A deliberate distinction was made between Avnery and other journalists, he said. "Avnery was singled out for investigation."

Carthy told *The Jerusalem Post* yesterday there was no intention of arresting Avnery during the investigation, as there was no fear of his fleeing the country or trying to influence witnesses. "There is no fear that he will influence Arafat,"Carthy said. He would not elaborate, he said, because he had not yet received Gahal's letter regarding the investigation.

Venice art exhibition

Post Art Editor

The works of Israel's two representatives at the Venice Biennale of Art, Tamar Getter and Michal Arnan, will be on show throughout the summer, now that the exhibition has reopened after a dispute.

A full report on the exhibition will appear in the Friday Magazine.

Oneq Shabbat

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July Programmes in English

Friday July 16 8.30 p.m.	A Programme of Jewish Music Cantor Eliyahu Schleifer Dan Bleicher, Director of Music, HUC-JIR
Friday July 23 8.30 p.m.	Yahel Plus: Reform Settlement in Israel presented by Rabbi Allan Levine Union of American Hebrew Congregations
Friday July 30 8.30 p.m.	An Evening for Youth with N.F.T.Y. Rabbi Henry Skirball, Director, Youth Division Union of American Hebrew Congregations, Israel

THE PUBLIC IS CORDIALLY INVITED TO ATTEND

WORLD & HOME NEWS

Weinberger says West Bank issue is 'critical factor'

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — U.S. Defence Secretary Caspar Weinberger yesterday said that any involvement of American soldiers to police an orderly PLO withdrawal from Lebanon should be followed quickly by renewed negotiations to resolve the Palestinian question.

"That's the critical factor, settling the West Bank and the Palestinian question," he said during an interview on NBC's *Meet the Press*.

Calling the current negotiations to remove the PLO from Lebanon "very complex," the defence chief said it was by no means certain that special U.S. envoy Philip Habib

would succeed in his effort. He repeatedly sought to underscore the importance of the Habib mission, warning of the dangers of an Israeli assault into West Beirut where the remnants of the PLO leadership are located.

He could not confirm press reports that Habib had set an August 1 deadline for resolving the negotiations, although Weinberger noted that that was probably a "realistic assessment" of the time factor involved.

Like other administration officials in recent days, Weinberger linked the situation in Lebanon to the broader Palestinian question. He said President Ronald Reagan

was determined to press ahead on the autonomy talks with renewed vigour in the coming weeks.

Weinberger said "the four or five million" Palestinians needed "a home," and that everybody had to help create the conditions to permit the autonomy negotiations to proceed.

President Ronald Reagan is due to return to Washington today from his California vacation. He has scheduled a White House meeting tomorrow to brief members of the U.S. Senate and House of Representatives on the fighting in Lebanon and the prospect for U.S. military involvement. Secretary of State-designate George Shultz is

due to participate in that meeting. Earlier tomorrow, the Senate Foreign Relations Committee is scheduled to open Shultz's confirmation hearings.

Weinberger strongly denied that his previous association with the Bechtel construction company has had any impact on his thinking since joining the administration. It was also "absurd," he said, to accuse Shultz, a former Bechtel president, of having any pro-Arab leanings because of the firm's extensive business in the Arab world. Both he and Shultz, Weinberger said, will be doing "what's best and right" for the U.S.

Nabatiya promised big aid unit

By MENAHEM HOROWITZ
Jerusalem Post Reporter

NABATIYA. — The Israel Defence Forces authorities yesterday agreed to a request by dozens of South Lebanon village chiefs that the complement of the assistance unit here be restored to the size it was when Nabatiya was the site of the entire assistance operation's headquarters.

The headquarters were moved to Sidon two weeks ago and a small unit was left in its place.

In a meeting between the village leaders and the assistance operation's commander, Aluf-Mishne Zvi Alpeleg, and his deputy, Rav-Seren Avi Farhan, the villagers noted that there were 7,000 persons in Nabatiya when the unit arrived, and since the unit moved to Sidon the population had grown to 60,000. The present complement, therefore, was inadequate to meet the needs of the populace.

The person in charge of the unit here now is Lebanese governor Idnan Ibrahim, who does not seem to have been able to enlist enough Lebanese personnel to help him.

Nabatiya Mayor Muin Jaber yesterday conferred the freedom of the town on the original members of the unit.

A large group of local teachers and public officials yesterday appealed to Prime Minister Menachem Begin and Defence Minister Ariel Sharon to order the release of the Nabatiyans, mainly young men, being held on suspicion of terrorist affiliations.

Farhan said that 600 of the 1,000 persons originally detained have been released. "Most" of the remaining 400, he said, will be released when the interrogation is completed.

Mayor Jaber said that before the arrival of the IDF, there were 700 terrorists in town. Eighty-five houses were used as PLO arsenals.

U.S. senators hope Israel will not use military option

By BENNY MORRIS
Post Diplomatic Reporter

Two visiting U.S. senators said yesterday they had been impressed by a "strong sense of pessimism" from their talk yesterday with Foreign Minister Yitzhak Shamir regarding the possibility of a negotiated withdrawal of the PLO forces from West Beirut.

But Shamir did not impress them, said Christopher Dodd (Dem. Connecticut) at a press conference yesterday in Jerusalem, that Israel is on the verge of adopting the military option within the next "24-48 hours."

Both senators said that they came away from the talk with Shamir feeling Israel would give U.S. special Middle East envoy Philip Habib more time to achieve a negotiated solution to the Beirut crisis. But they felt from the talk with Shamir that the time is "not limitless."

The chief impression Dodd and Carl Levin (Dem. Massachusetts) seem to have brought back with them from their two-day visit to Southern Lebanon and East Beirut was the consensus among Lebanon's population — "Maronite, Druse, Moslem" — that they "want everybody out" — the PLO, "first and foremost," the Syrians and the Israelis. "It's been seven long years (since the start of the 1975 Lebanese Civil War) and

they've been bled white," said Dodd. Even more than the Israelis, the Lebanese want the PLO out of Beirut, said Levin.

Both Dodd and Levin implicitly criticized U.S. media coverage of the war in Lebanon. "The war began not on June 6, 1982 but in 1975," and this is not clear from the American media, said Dodd, who repeatedly stressed that 100,000 persons had died in the seven year civil war (before Israel went into Lebanon). "The world community" and "the American people" are "not aware of this carnage."

Dodd added that the American public has been made aware by the media of what "the PLO wants," what the U.S. wants, what Israel wants, "but not what the Lebanese want."

Dodd said the PLO had turned Southern Lebanon into an anarchic mini-state, a "weapons depot," the Syrians had gone into Lebanon allegedly to get the PLO out but stayed as an army of occupation; and the Lebanese lost "all control over their own lives." All this "hasn't got through" to the American public, he added.

Levin said that Americans were not aware of the "terrible implication for the U.S. strategic position" of the existence of the "Soviet-trained, dominated (PLO) state on the eastern Mediterranean."

Electric Corp. workers boycott manager

Jerusalem Post Reporter

HAIFA. — The works committee of the Israel Electric Corporation has refused to call off its boycott of general manager Eytan Jacobson. The boycott is now in its second week.

The boycott was originally part of a two-month-long labour dispute. Though the dispute ended last week, the committee has persisted in the boycott of Jacobson, in order

to force his resignation.

The board of directors has tacitly endorsed the action by replacing Jacobson in negotiations with the works committee. Chairman David Haguel has taken his place.

Jacobson said last night that there was no truth to the rumours that he was resigning. He has the backing of the board, he said, and he will continue to run the affairs of the corporation.

Package deal requires 'big effort'

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — The government, the private employers and the Histadrut yesterday seemed far from concluding an economic package deal although they agreed to form committees to examine its aspects.

After a two-and-a-half hour meeting with the Chairman of the Coordinating Bureau of Economic Organizations, Eli Hurvitz, and Histadrut Secretary-General Yeroham Meshel, Finance Minister Yoram Aridor said he "can't be sure (an agreement will be reached)... it will require a big effort."

Legally the government can levy taxes and take other measures to impose its will, but the minister said he preferred "an understanding" with the private employers and the Histadrut.

"An agreement was important before the war and especially after it... the parties representing the major economic sectors should reach an understanding how to develop the economy and cover the cost of the war," he declared.

The Histadrut was under pressure from its left-wing Mapam faction

not to conclude a joint policy with the Likud-led government. Mapam's senior representative in the Histadrut central committee told his colleagues at the Histadrut cabinet yesterday that the labour federation should not share with the government the overall responsibility for social and economic policies. Nevertheless Meshel told *The Jerusalem Post* he was approaching the talks "seriously and with a genuine desire (to reach an agreement)."

Ex-Interior Ministry official jailed

HAIFA (Itim). — The former head of the Acre office of the Interior Ministry's population register bureau was yesterday sentenced to 15 months in prison after being found guilty of requesting and accepting bribes.

Haifa District Court Judge Michael Ben-Yair also gave Moshe Shabbat, 49, of Acre, an additional 15 months suspended for three years, and a fine of IS75,000 seven more months in jail.

Captain Gadi Eran, 31

BEERSHEBA (Itim). — Seren Gadi Eran, 31, of Jerusalem, died on Saturday night of wounds he sustained when the jeep in which he was riding in the eastern sector in Lebanon hit and exploded a mine. He was buried yesterday in the military section of the Beersheba cemetery.

Born in Hadera, he moved with his parents to Beersheba in 1950. He was working towards a master's degree in biology at the Hebrew University in Jerusalem, where he lived with his wife and five-year-old daughter. He is survived by his parents and a brother.

DETAINÉES

(Continued from Page One)

reconstruction. Shamir promised "Israel's help" in this respect but did not go into detail.

Shamir told McPherson that Israel yesterday informed the IRC in Geneva of its readiness to permit visits to the PLO detainees, of which there are reportedly 9,000, starting next week.

McPherson commended this as

"a humanitarian act" and said it represents "a wise decision" by the Israeli government.

The Swiss government yesterday called in the Israeli ambassador to Bern, Mattiyyahu Adler, and handed him a message to the Israeli government asking that it respect the Geneva conventions in the Lebanese war. Switzerland asked that Israel place all persons in Lebanon under the protection of the conventions.

In response, Adler reassured Swiss Foreign Minister Pierre Auber that Israel will abide by the conventions.

Auber said that Switzerland is willing to play an active role in mediation in the Middle East conflict. He later met UN Secretary-General Perez de Cuellar and repeated this offer.

The Geneva-based UN high commissioner for refugees, Poul Hartling, yesterday appealed to all parties to the Lebanese conflict to "avoid any actions leading to a further deterioration of the situation."

MUSEUM RECORD. — Two-thirds of Israel's residents have visited the capital's Israel Museum at least once; more than 40 per cent have visited twice or more; and 33 per cent have visited at least once in the past two years.

BEGIN-HABIB

(Continued from Page One)

The government is willing to accept an overland exodus, even though this will be more problematic than a seaborne one.

It would be very hard to prevent participants in a PLO convoy from slipping off the buses, en route.

The ministers were told that the PLO insists on keeping an office in Beirut to handle the needs of the Palestinian Arab refugees, on the grounds that there is no other Arab body that can take responsibility. Lebanese Moslem leaders support

the PLO's wish to have reduced noticeably the initiation of proposals, and has increasingly confined himself to a briefing function. One of the reasons for his withdrawal is said to be his growing feeling that he no longer commands the confidence of all his colleagues.

The last time he made a proposal for a new move on the ground, Sharon was reportedly caught out by his colleagues as misrepresenting a tactical situation over a point of crucial importance.

He made this proposal at a mid-week night cabinet session at which the experts could not be present. When a couple of his colleagues, led by Education and Culture Minister Zevulun Hammer, demanded more facts, the vote was postponed till the following day. The experts' presentation the following day gave the cabinet a totally opposite picture of the situation based on the facts that had been available to Sharon in the normal course of information flow.

One point, made to the cabinet by Interior Minister Yosef Burg, has stuck in ministers' minds. At the end of last month, Burg said that the problem of West Beirut recalled what was said of Barcelona in 1938 at the end of the Spanish Civil War. Burg said that Barcelona was described in 1938 as "the largest city in Europe" because it took Francisco Franco's rebel troops three months to get from one side to the other in house-to-house fighting.

One minister told *The Jerusalem Post* that the role played in the cabinet by Shamir has been consistently more passive than warranted by the seniority of his portfolio, and hence disappointing, because he has failed to enrich the discussions. Shamir, it was said, confines himself to the role of a rapporteur and repeatedly quotes Begin, and there is no way of knowing whether he has an opinion of his own.

Kimche, *The Post* was told, has the qualifications to give the cabinet assessments of his own. He refrains from doing so, however, confining himself to a classical civil-servant role.

More initiative is displayed by Aluf Saguy. This occasionally brings him into conflict with Sharon as well as with his direct chief, Eitan. Some ministers have not yet forgotten how, in the first week of the fighting, Sharon and Saguy gave totally conflicting representations of a military situation and how the course of the war was radically influenced because Sharon overrode Saguy.

TAU. — David Leviatan has been appointed director-general of Tel Aviv University.



Jerusalem women volunteers yesterday load magazines with bullets in an Israel Defence Forces emergency stores warehouse. (Scoop 80)

WORLD CUP

(Continued from Page One)

and Giuseppe Bergomi tapped the ball back and forth between them in the German penalty area, trying to find a gap in the defence. Finally Scirea passed back to Tardelli, who shot the ball out of Schumacher's reach from the edge of the penalty box.

Altobelli scored the third tally for Italy in the 81st minute from a cross by Bruno Zoni. Schumacher ran out but failed to get the ball, and with the German defence spreadeagled, Altobelli sidestepped the goalkeeper and slid the ball into the corner of the net.

Most fans were well behaved, but there was scuffling between some Italian and West German supporters after Rossi's goal. King Juan Carlos of Spain, Italian President Sandro Pertini and West German Chancellor Helmut Schmidt were among the dignitaries attending the final of the world's biggest soccer tournament, and the 85-year-old Pertini leapt to his feet, laughing and waving, after the Italian victory.

Paul Breitner pulled one back for the Germans with seven minutes left, shooting through a crowd of players after the Italians had failed to clear a free-kick by Hans Müller. Most of the first half was uninspiring, and it ended with both teams level at 0-0. Bergomi, an 18-year-old Inter-Milan defender playing in only his second game for Italy, was given the job of marking Karl-Heinz Rummenigge, a five-time tournament scorer who had been considered Germany's major threat but had been troubled by a thigh injury.

West German coach Jupp Derwall pulled Rummenigge out of the game in the 70th minute.

King Juan Carlos presented the cup to Zoff, Italy's 40-year-old goalkeeper and captain, and the oldest player in the tournament.

Chancellor Schmidt went across to President Pertini in the stands and shook him warmly by the hand. Meanwhile there was excitement on the field. The whole 22-man Italian squad paraded the cup around the ground, drinking champagne and carrying Zoff on their shoulders. (UPI, AP)

CEASE-FIRE

(Continued from Page One)

incendiary phosphorous shells yesterday, which caused many fires throughout the city. Judging from the quantities of terrorist ammunition fired yesterday, one source said, the PLO seems still to have huge stores at its disposal. He dismissed the theory that the terrorists were expending their last reserves before surrendering.

Hundreds of rounds fell on East and West Beirut, hitting four hospitals and civilian areas in addition to military targets.

The Palestinians also fired round after round of Soviet-made Grad missiles into the east, just missing the coastal road in the evening as it was packed with cars full of people returning from beaches in the Christian controlled area.

The IDF used ground artillery and gumbos to pound Palestinian parts of the capital, as well as areas around the shorefront highway, UPI reported.

The IDF and PLO also fought with small arms and heavy machineguns near Lailaki, a suburb by the airport just south of the city limits.

The Palestinian news agency Wafa said the PLO knocked out 12 Israeli tanks, in addition to trucks and ammunition dumps. Leftist sources in Palestinian-controlled West Beirut said 16 people died or were wounded in Israeli shelling of the Lebanese Barbir Hospital, the fifth hospital hit in West Beirut since the start of the war.

Officials in East Beirut said 30 Palestinian shells fell on the presidential palace, hitting the president's office and forcing officials to spend most of the day in basements.

Officials said shells hit the Soviet, Kuwaiti, Libyan, Chinese and United Arab Emirates embassies and set the residence of the French ambassador on fire.

Israeli shells hit an ammunition dump in Bir Hassan in West Beirut, setting off another blaze. Seen from its high points, Beirut was pocked with patches of fire yesterday, reported UPI.

In one five-minute salvo against IDF emplacements at Aramoun, south of Beirut, the PLO fired at least 100 shells.

As the fighting escalated, several shells crashed into the Christian Ashrafieh residential neighbourhood of East Beirut, residents reported.

"It looks like the Palestinians are out to give us a taste of the fighting," one frightened housewife told UPI.

Rightist militia sources said an IDF fuel storage depot near Ba'abda was hit by PLO rocket and mortar fire, sending black clouds of smoke into the sky above the president's home. This is located just a few hundred metres from the residence of U.S. Ambassador Robert Dillon, where Habib is holding most of his talks with Lebanese and Israeli officials.

Amidst the shelling, Chief of Staff Rav-Aluf Rafael Eitan inspected his troops around Beirut. Eitan was on hand when an IDF tank position, opened up at the terrorists less than a kilometre away, witnesses said.

At one IDF position, Palestinian shells hit an armoured personnel carrier and set it ablaze, the witnesses said. They said Eitan was not there at the time of the attack. UPI reported.

Two days ago an agreement to end the month-old war appeared in sight, with the PLO agreeing in principle to Israel's demand that it should leave Lebanon. Syria looked the most likely destination for the terrorists.

Then, however, the Syrian government dealt a surprise blow to the negotiations, when it announced that although it might allow the PLO leadership to set up its headquarters in Damascus, it has no room for the thousands of PLO fighters.

Lebanese government sources said efforts to persuade Syria to change its mind have so far failed, reported Reuters.

The cease-fire went into effect within a few minutes of the 9 p.m. deadline negotiated by Prime Minister Cheikh Wazzan with the PLO and U.S. envoy Philip Habib. "Instead of carrying on with the salvation (government) talks today, I had to spend the whole day urging Mr. Habib and Mr. Arafat to try to stop the new fighting," Wazzan said. "One more day in the salvation effort was lost as the time is rapidly running out."

On the 30th day after the passing of our dear

MARTHA KISSMANN

widow of Dr. Alexander Kissmann

a memorial service and unveiling of the tombstone will be held tomorrow, Tuesday, July 13, 1982, at 4 p.m. at the Kiryat Shaul cemetery.

We will meet at the gate.

The bereaved family

מכרזת האכל

Labour split looms over war issue

By SARAH HONIG
Post Political Reporter

TEL AVIV. — Internal division in the Labour Party over the war in Lebanon continues to grow more acute, and some party insiders are predicting that unless an end is put to it quickly the party will split.

The doves yesterday announced that they plan more gatherings like the one held last week to accentuate the debate within Labour, while more party figures are coming out against the doves' anti-war pronouncements.

MK Chaim Herzog, a former chief of military intelligence, told *The Jerusalem Post* yesterday that he "can no longer stay silent." He said the Labour Party is quickly becoming identified not with the responsible official policy decided on by the party, but with the "vocal minority" whose chief spokesmen are Yossi

Sarid and Mordechai Gur. "The recent *Jerusalem Post* opinion poll," Herzog said, "which predicts great gains for the Likud and heavy losses for Labour, indicates where the winds are blowing — away from Labour."

Herzog contended that the anti-war spokesmen in Labour, especially Gur, are doing their party irreparable harm.

Herzog argues that the war was unavoidable, and that "an opposition is not prevented from expressing full support of the government in some circumstances — that would only make the opposition more credible." Herzog is especially critical of the attempt in some Labour quarters to differentiate between the IDF and the government. "The public is too clever for this," he maintains. He adds that the government's timing and its political calculations about the U.S. and Syrian responses were correct,

"and it would serve the opposition best to admit this."

Herzog also came out against Labour's stated opposition to an IDF penetration of West Beirut, saying that "we must not rule out a military option during negotiations, especially when an element like the PLO is involved."

Herzog thus joins many other party MK's headed by Dov Ben Meir, Michael Bar-Zohar, Ra'anana Naim, Jacques Amir and others who have begun complaining that the party's left-wing is hurting Labour's standing.

Highly-placed party sources told *The Post* last night that if the party leadership "does not take immediate action to curb this escalating internal battle in Labour, something will have to give. The biggest loser in this war, next to the PLO, will be the Labour Party, if immediate action is not taken to restore internal peace."

CABINET

(Continued from Page 1)

"absurd," the leaflet continued. "Operation Peace for Galilee" was designed primarily, by the government, to impose upon Lebanon a new regime that would be subservient to Israel. This is a lost cause. Its failure was certain even before the first Israeli tanks struck out for Beirut."

Begin said the distribution of this leaflet among the troops while hostilities continued was entirely unprecedented in the history of Israel's wars. It reminded him of the way the Bolsheviks undermined the Russian war effort in 1917, he said.

Cabinet sources said that urgent motions would be submitted for the Knesset agenda this week on the issue of the Mapam leaflet. It was clear that even if it is decided to take no legal action, the leaflet will generate much political heat in the days ahead.

On a happier note, Begin drew the ministers' attention to a recent Gallup Poll in the U.S., which showed that Israel's standing, and his own popularity, were both high in American public opinion.

The poll he cited was conducted between June 11 and 14, during the second week of the war in Lebanon. Forty per cent of those polled approved the IDF's action in Lebanon, 35 per cent disapproved, and 25 per cent had no view.

In a general question on the Middle East conflict, 52 per cent expressed sympathy for Israel and 10 per cent for the Arabs. A year ago, the percentage of Israeli sympathizers was 44, and in 1979 it was 40. (In 1973 it was 50.)

"Those professing themselves 'totally favourable' towards Premier Begin himself numbered 52 per cent, with another nine per cent 'highly favourable'."

Sarah Honig adds: Mapam yesterday denied that it has sent any propaganda material to soldiers in Lebanon. But Mapam spokeswoman Naomi Rifkin told *The Post* that some "of our position papers may have reached the forces in Lebanon through party activists." She explained that Mapam regularly puts out position papers on the situation in the north "and our stand against the war was no secret. We opposed the action even before it started."

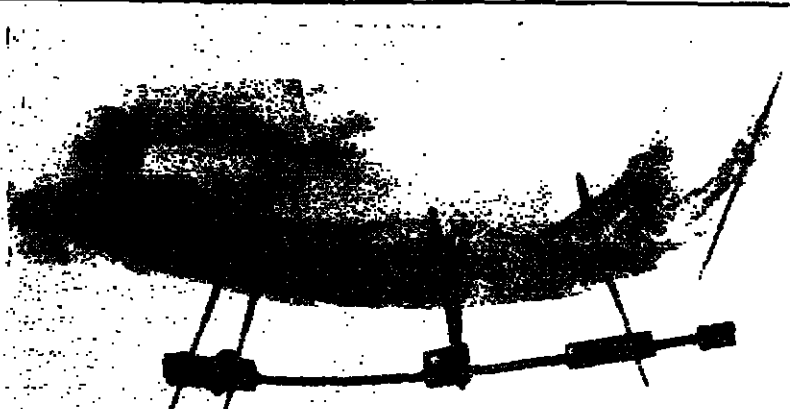
The position papers were sent to party activists said Rifkin. "Many of these are kibbutzniks; some may be mobilized themselves and may have taken the papers with them and showed them to soldiers. Some of the activists may be parents of soldiers and the papers may have reached the front through them. Some may have even been sent in gift packages to soldiers. But this is no organized party project. The papers reached the front through private people," she maintained. She added, however, that "we nevertheless stand fully behind all that is stated in the papers."

Young Liberals want Sharon to head Likud

Jerusalem Post Staff

TEL AVIV. — Defence Minister Ariel Sharon should now be chosen to head the Likud in the next Israeli elections, according to a letter sent to Prime Minister Menachem Begin by the Ideological Circle of the Liberal Party Young Guard.

Pointing out that Begin had said he would not lead the Likud in the next election, the Liberal Young Guard said that Sharon's election by the Likud components now will prevent a power struggle later over Begin's successor and will enable the coalition to formulate a special policy towards Jordan's King Hussein to prevent the establishment of a "second Palestinian state."



An X-ray showing the new method of bone fixation for the treatment of hand injuries, which was developed by the Hadassah-Hebrew University Medical Centre in Jerusalem.

New hand injury treatment developed at Hadassah

By ISRAEL AMRANI
Jerusalem Post Reporter

A new method of fixing injured hands for long-term reconstructive surgery has been developed at the Hadassah-Hebrew University Medical Centre in Jerusalem. The method takes about half the time of the conventional treatment.

The new method was developed by Dr. Maurice Rouso, a hand surgeon in the hospital's orthopedic department, in response to a new form of injury suffered by victims of the war in Lebanon. Especially common among civilians, the injury often resulted in a virtual hole in the hand. It was probably caused by the explosion of armour-piercing, light ammunition.

In the new method, an instrument was adapted to fixate the hand on

one side, instead of the usual two sides. This allows the surgeon free access to the hand, for gradual reconstruction using bone, muscle, tendon and skin tissues. While the old method needed a year for completion, the new one will take a projected period of six months.

In another development, medical sources recently reported shortage of skin tissues used for treating burn patients. The Anatomy and Pathology Law of 1980, prohibits hospitals from keeping spare skin tissues, or any human tissues, in organ banks.

Plastic surgeons usually use a donor skin graft in the early treatment of burned patients. The graft acts as a temporary skin to protect the wound from infection while the patient's own skin grows.

Police order probe in jail breakout

Jerusalem Post Reporter

TEL AVIV. — The police have set up a special team to investigate the escape of two suspected bank robbers from the Abu Kabir lockup on Saturday night, a Tel Aviv district police spokesman said yesterday.

"We have not reached any conclusions as to how the two managed to escape and we don't know when the findings will be made public," the spokesman's office said.

The suspects, Shimon Sa'ad, 21, and Yoram Pinhas, 24, are suspected of robbing the Bank Hapoalim branch in Kiryat Shalom.

They were found hiding in a bomb shelter in south Tel Aviv after the bank was robbed. Weapons and money taken from the bank were found during the investigation, police said.

The suspects, both of whom have criminal records, reportedly saved their way through their cell bars, using an implement that was smuggled to them, and subsequently overpowered the prison guards, seized the keys to the jail and made their getaway.

Last week two other detainees also escaped from Abu Kabir.

Resourceful cop gets hit-and-run driver

REHOVOT (Itim). — A resourceful and persevering traffic policeman yesterday morning tracked down a hit-and-run automobile driver.

At about 2 a.m. yesterday, in Derech Yavneh, a pedestrian was knocked down by a car that hit him in the rear-right side, fracturing his legs and hands and causing internal injuries. He was taken to Kaplan Hospital.

Police investigators learned that a white car was involved, and that its windshield had been smashed in the accident.

First-Sergeant Victor Luzon, starting making the rounds of the

garages and automobile glaziers. In the course of his search, an automobile matching the description came riding towards him. He stopped the driver and asked him what had happened to his car. "I ran over a dog last night," the driver said.

"Happened in Derech Yavneh, at about 2 a.m., didn't it?" Luzon asked.

"That's right," the unsuspecting driver said. "Then come along to the station with me," Luzon said. The driver came along, and after questioning admitted that he was the hit-and-run driver being sought.

Eilat wants strip of beach from oil company

EILAT. — Mayor Gad Katz has asked the Interior Ministry to enable the Eilat Municipality to sequester a one-kilometre stretch of beach from the Eilat-Ashkelon Petroleum Pipeline Company, the municipal spokesman announced last night.

The return of Sinai, Katz says in his petition, has left this Red Sea resort city with very little bathing beach space. Eilat has 11 kilometres of beach, of which six, Katz notes, are used as military, civilian and oil ports and by the combined power

station. He also notes that the pipeline company recently fenced off more than a kilometre of beach. And, says Katz, who was the company's local director-general, it does not need this stretch any more.

NURSES. — Among the 75 new graduates of Jerusalem's Bikur Cholim Hospital nursing school yesterday were four Arab women, five men and five married women — including one grandmother.



Dr. Alex Crawford, district dental officer in Manchester, England, yesterday examines one of 600 Ashkenazi schoolchildren participating in Project Renewal's dental clinic, as UK volunteer Sharon Firth looks on. Crawford, presently conducting a follow-up epidemiological study to the one he made at the outset of the Joint Israel Appeal-Project Renewal clinic two years ago, said preliminary results show that "the amount of treatment given so far is remarkable." (Alex Levkasi)

Actor George Segal brings banjo to entertain troops

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — Actor George Segal, who arrived last week on his first visit to Israel, intends to entertain Israeli troops and wounded soldiers by playing a banjo with a Dixieland band, he told reporters here yesterday.

Segal, who was brought to Israel by the Soldiers' Welfare Association, El Al and the Kinneret Foundation, has already toured Jerusalem and took a one-day trip to Lebanon. As an apolitical figure, Segal said he would talk to Israelis and to Lebanese without preconceived ideas.

"An actor has no good reason to come to Israel, unless he's filming a movie here," joked Segal. "That's why I brought a banjo, to make it clear who and what I am, just in case we slide into politics." He added that he chose Dixieland music "because it is loud, it gets attention, and nobody falls asleep while I'm singing."

Accompanied by television directors Stanley Dorfman and Hillard Elkins, Segal plans to star in a programme filmed in Israel for U.S. cable television.

Speaking of Lebanon, Segal said, "It's a very beautiful country, the food there is excellent and everyone in the street seemed very happy to

see us. I also saw a Syrian tank placed right up to a residential building, and understood how the terrorists used civilians as hostages in this war."

Segal starred in movies including *King Rat*, *Ship of Fools*, *Touch of Class*, *Blume in Love* and *Russian*



George Segal (Meir)

Roulette, which he was pleased to note was now showing in Lebanon.

Entertainer Sammy Davis Jr. is scheduled to arrive today as a guest of the Soldiers' Welfare Association and El Al, as part of the campaign to improve Israel's image abroad.

Kvish Ha'ayalon for northbound TA traffic

Jerusalem Post Reporter

TEL AVIV. — The left turn from Rehov Kaplan to Derech Petah Tikva is abolished as of this morning. Those travelling north from Rehov Kaplan may use the new express thoroughfare, Kvish Ha'ayalon, about 200 metres east of Derech Petah Tikva.

The municipal traffic division director, Dan Holtzman, explained yesterday that the change will increase the time available for the free flow of traffic through the system of synchronized green lights ("Hagal Hayarok").

The speed limit on Kvish Ha'ayalon, which connects the Kirya area with the North Tel Aviv railway station, the Diamond Exchange, the Elite Junction, and the Rehov Ha'halacha-Rehov Bialik intersection in Ramat Gan, is 90 kilometres per hour.

Bishop to 4 million African blacks to visit

Jerusalem Post Staff

The spiritual leader of some four million South African black Christians is to arrive tomorrow for a visit as the guest of the Ministry of Religious Affairs. This will be the first visit to Israel by a black South African religious leader, according to the ministry.

Bishop Barnabas Lekjanyane will be received by President Yitzhak Navon and will meet with Tourism Minister Avraham Shafir to discuss future visits to Israel by other members of the Zion Church. In addition to six other church leaders, Lekjanyane will be accompanied by a special South African television crew to document the rare visit.

Exams panel for students on army duty

The Reserve-Duty Coordinating Committee will meet again on Thursday to consider requests of students for special consideration with regard to final examinations because of their military reserve-duty schedules.

Those not yet called up or just released should apply through the institutions at which they are studying. Those on active duty should apply through their immediate commanding officers, indicating the institution, the course of study they are pursuing, the faculty, the year, and the scheduled date of the examinations. All applicants should explain in detail why they did not take their examinations when originally scheduled.

Herut, NRP boycott Zionist parley

By JUDY SIEGEL
Jerusalem Post Reporter

A five-day international conference on Zionism thought opened in Jerusalem last night without the participation of Herut and National Religious Party representatives or the head of the World Zionist Organization's department for Sephardi communities.

Eli Tavin, Matityahu Drobless and Raphael Kotlowitz, all Herut representatives on the Zionist Executive, boycotted the conference on the grounds that it would be "used as an ideological forum against the government and the war in Lebanon." The NRP delegates followed Herut's lead.

Prof. Charles Tapiro, head of the Sephardi communities department, objected that the agenda prepared by the organizers "did not include adequate material on the Zionist contributions of Oriental Jews."

On the other hand, Avraham Katz, a Liberal representative on the Zionist Executive and chairman of the Youth and Hehalutz Department, urged that the gathering not be cancelled and assured his colleagues that all viewpoints would be heard.

The conference is a gathering of participants in seminars on Zionism thought, which are organized by the WZO in Jewish communities in the Diaspora.

Norwegian IRC says aid barely needed

Special to The Jerusalem Post

OSLO. — A surgical team of the Norwegian Red Cross which returned last week to Oslo from Lebanon has reported that one week after the war began there was no longer any immediate need for surgical aid and that most hospitals in South Lebanon were gradually functioning again.

The team, headed by Dr. Halvor Gude, arrived in Tyre on June 13 and spent nine days in the area, visiting all the Palestinian refugee camps and Lebanese villages in the district. Summing up Dr. Gude's impressions, Oslo's *Aftenposten* reported last week that some of the most damaged parts in South Lebanon had already been cleared up by the time the team arrived and that the International Red Cross

had personnel stationed all over South Lebanon.

Dr. Gude stressed that the movements of the Red Cross teams were in no way limited, adding that it was exceptional to see how quickly the civilian population was able to resume regular daily life. Nevertheless, there was need for increased internal communication and coordination of all relief work in Lebanon, because of the difficult working conditions, he said.

The secretary-general of the Norwegian Red Cross, Odd Gram, said it was essential to differentiate between correct information and reports originating from what he termed the "propaganda war." The Norwegian Red Cross has so far spent some 10 million Norwegian Kroner (about IS37.5m.) on relief work in South Lebanon, *Aftenposten* reported.

Lebanese patients want to stay in Israel

TYRE (Itim). — Many Lebanese patients treated in Israel do not wish to return home after recovery and seek all kinds of excuses for staying in Israel, *Itim* correspondent Aryeh Meir reports.

He writes that 121 Lebanese have returned home in the past nine days after being treated in Israel, transported by a special bus placed at their disposal by the Magen David Adom. Yesterday, eight residents of

Sidon, Nabatiya and Khaldah were sent home. These included Father Jamil al-Khamissi, 57, who was taken to the Carmel Hospital in Haifa two weeks ago after having a heart attack, and three children who underwent neuro-surgical treatment.

Twice weekly, 17 patients with non-functioning kidneys are brought to the government hospital in Nahariya for hemodialysis, and then taken home again.

Ali: Sharon idea violates Camp David

CAIRO (UPI). — Egypt has dismissed as a violation of the Camp David accords any idea that a Palestinian state be set up in Jordan. It said Jordan is a sovereign state and the presence of the Palestinians there is just "temporary."

In response to views reportedly advanced by Israeli Defence Minister Ariel Sharon on Friday

that Jordan is a substitute homeland for the Palestinians, Foreign Minister Kamal Hassan Ali said that "the solution for the Palestinian people's problem would not be achieved at the expense of another people or state but by regaining its national rights on its land and setting up its independent entity in the Gaza Strip, Jordan's West Bank and (East) Jerusalem."

Fashion show to help learning-disabled children

A fashion show, the proceeds of which will go to the Nitzan organization helping children with learning disabilities, will be held at the Tel Aviv Hilton on Tuesday evening at 8.30.

Nitzan is the newly established national roof organization of all the local bodies helping such children.



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Who Speaks on Their Behalf?
The Relative Responsibility of Israel,
American Jews, and Indigenous Jewish Communities
Opening Session
Monday evening, July 12, 1982, at 8.30 p.m.
Zionism, the Jewish State, and the
Global Jewish People: Who is Whose Keeper?

Chairman: Professor Marvin Bernstein
President, Brandeis University
Opening Remarks: Howard Squadron
President, American Jewish Congress
Professor Shlomo Avineri
Dept. of Political Science, Hebrew University, Jerusalem
Professor David Sidorsky
Dept. of Philosophy, Columbia University, New York
Beth Hershkowitz
Tel Aviv University Campus, Ramat Aviv
The public is invited
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Lebanese Army may have major peace role

BEIRUT (AP). — Untested, lightly armed and eyed with suspicion by local political parties and militias, the Lebanese Army may soon be called upon to play a central role in ending the Israeli-PLO confrontation.

Proposals on the negotiating table for a peaceful end to the Israeli siege of PLO-controlled West Beirut include a suggestion that the 8,000 encircled terrorists surrender their heavy weapons to the Lebanese Army, which would then assume its lawful role as enforcer of peace in the Lebanese capital.

The big question is whether the 21,000-man army is ready for such a task.

"We are like the small-town police who get overwhelmed when

the Hell's Angels (motorcycle hoodlums) ride into town for a gang war," said an artillery officer who was trained for four months in the U.S.

Other army officers said that if the PLO agrees to hand over its heavy weapons, the Lebanese Army could move into West Beirut within an hour. But they were unanimous in saying that there is no way they can disarm the PLO against the latter's will.

One lieutenant noted that it took the Israelis only a week to reach the outskirts of Beirut and hook up with East Beirut's Christian militiamen, long-time foes of the PLO. Then he added: "But the Israelis are so much stronger than us. They cannot expect us to fight the Palestinians in West Beirut."

(Except for a very few isolated instances of resistance to Israel's advancing force, the Lebanese Army has not been involved in the five-week-old war.)

The Lebanese Army has been struggling through a slow rebuilding process since the 1975-76 civil war, when the Christians fought a coalition of mostly Moslem leftists and the PLO.

Within a few months of the civil war's outbreak, the Lebanese Army was in a shambles, splintered along sectarian and political lines. Revolts in the barracks accelerated until most of the army had vanished, with some soldiers sitting out the war on the sidelines while others threw in their lots with the combatants. By the time Syrian soldiers ar-

rived in November 1976 to snuff out the war, Lebanon's pre-civil war army of 18,000 men was down to about 200 officers and virtually no rank-and-file.

Today, with a mostly new army of 21,000 men, whose average age is in the mid-30s, the Lebanese government refuses to disclose the ratio of Moslems to Christians.

Lebanon's defence minister, Joseph Skaff, is a Christian. So is the army commander, General Victor Khoury, and the chief of army intelligence, Colonel Johnny Abdo. Well-placed observers say that about 60 per cent of the officers now are Christians while the enlisted men — like Lebanon itself — are equally divided between Christian and Moslem.

The Aga Khan celebrates 25 years as Ismaili head

AIGLEMONT, France (Reuter). — Prince Karim Aga Khan yesterday celebrated his silver jubilee as Imam of Islam's 15 million Ismailis. The simple ceremony at his residence at Aiglemon, near Paris, was attended by Ismaili leaders from 20 countries.

The Ismailis are a branch of the Shia Moslems, who together with the Sunnis form the bulk of the Islamic world. The Aga Khan, 45, who is the 49th imam, is regarded as a direct descendant of the prophet Mohammed. He became imam at the age of 20, succeeding his grandfather, the late Sir Sultan Mohamed Shah Aga Khan.

Like his grandfather, he is concerned with both the spiritual welfare of his people and with their material well-being. His activities cover health care, education, housing, architecture, banking, in-

urance, industry and tourism. During the coming year, the Aga Khan and his wife, Begum Salimah, will tour Ismaili communities throughout the world to attend silver jubilee celebrations and launch development projects.

Speaking at the silver jubilee ceremony, the Aga Khan said: "It is the developing world which is suffering most from the debilitating effects of international recession. The projects marking my silver jubilee are conceived within the framework of this universal concern and will emphasize that it is people who are the greatest asset of the poorest countries."

One of the major projects will be the building of a 721-bed hospital in Karachi, Pakistan, which will form part of a new International Aga Khan University.

Iraqi exiles ask Iran to topple regime

NICOSIA, Cyprus (AP). — Several thousands Iraqi exiles demonstrated in Nicosia yesterday, calling for an Iranian push into Iraq to topple the Baathist regime of President Saddam Hussein.

The Iraqis, expelled from their homeland as undesirable at the outset of the 22-month long war between Iran and Iraq, carried large portraits of Iranian leader Ayatollah Ruhollah Khomeini and Iraqi Islamic leaders, sources contacted by telephone in Nicosia reported.

Placards called for the establishment of an Iranian-style Islamic

republic and "Yes to the leadership of Ayatollah Khomeini."

The sources said that hundreds of Iraqi Kurds carrying portraits of their dead patriarch, Mustafa Barzani, also mingled among the demonstrators.

Hojatollah Hakim, 40, considered in Iran as the major voice of the Iraqi Islamic movement, told Iranian reporters that "we have come to ask Khomeini and our brothers in the Majlis (Iranian parliament) to order Iranian forces into Iraq to rescue the oppressed Moslems of Iraq."

Anti-Israel demonstration in LA

LOS ANGELES (UPI). — About 1,000 demonstrators attended a rally on Saturday to protest the Israeli invasion of Lebanon and to demand an end to U.S. military, economic and diplomatic support of Israel.

Principal sponsors of the rally were the Palestine Arab Fund and the Committee in Solidarity with the Palestinian People, a group based at the University of California.

"The longer this goes on, the more Americans see that Israel is carrying out a genocidal policy us-

ing American weapons," said Tony Sayegh, one of the rally's organizers. He accused the U.S. government of using the crisis "as a pretext for military involvement in the Middle East."

Father Daniel Berrigan, a longtime anti-war activist, said, "U.S. weapons are destroying the Lebanese people. The solution has to be an Israeli withdrawal from Lebanon."

Other groups represented included Jews for Palestinian Rights and Democratic Socialists of America.

U.S. soldier in tank charge through city

MANNHEIM, West Germany (UPI). — An armed American tank was stolen by an American soldier and crushed 14 cars and a streetcar in a rampage through central Mannheim, police said yesterday.

An army spokesman said the soldier, an unidentified 20-year-old private, was presumed "drowned" when the tank toppled into the Neckar river after its charge through the city. He said the soldier stole the M-60 tank, fully armed with combat ammunition, from a

tank park while on his way to guard duty.

Three women were injured trying to flee the tank as it drove through the pedestrian shopping area of central Mannheim and an American sergeant was hurt in an attempt to stop it.

Attempts to retrieve the tank from the river were slowed by the danger of explosion due to leaking gasoline, according to army sources. There was no word on why the soldier took the tank and started off on his rampage.

Lightning ruled out as cause of crash

KENNER, Louisiana (Reuter). — Lightning was virtually ruled out yesterday as a cause of Friday's Boeing 727 crash into this wooded suburb of New Orleans, in which at least 152 persons were killed.

The aircraft's flight-data recorder and cockpit voice recorder were recovered yesterday and flown to Washington for expert analysis.

Patricia Goldman, vice-chairman of the National Transportation Safety Board, who is in charge of the investigation, said there was a

consensus among the first 25 eyewitnesses to be interviewed that "there was not a lightning strike on the plane." She told a press conference that flashes reported by some observers might have been from power lines that the plane hit as it went down.

The Pan American World Airways plane, flying from Miami to San Diego, California, by way of New Orleans and Las Vegas, ripped through a quiet residential area of Kenner, after clipping an oak tree.

Burglar slips past tough palace security

LONDON (UPI). — A burglar who broke into Buckingham Palace to steal a bottle of wine from Queen Elizabeth's cellar was ordered held Saturday while surprised Scotland Yard officials reviewed the Queen's security system.

Scotland Yard said 31-year-old Michael Pagan was caught in the

palace in the early hours of Friday morning while the Queen and Duke of Edinburgh were at home asleep.

It was the first time an intruder has been arrested inside Buckingham Palace after having apparently breached the elaborate security system, which includes police and military guards and closed-circuit television.

Sports

Israel ousted in Davis Cup quarter final

BUDAPEST. — Hungary's Janos Bozsyk yesterday defeated Shahar Perkiss in four hard-fought sets to eliminate Israel from the Davis Cup. The victory, 3-7, 9-7, 6-1, 9-7, gave Hungary an unbeatable 3-1 lead, and entry into the European Zone B semifinal against Denmark.

The Danes, playing at home in Aarhus, defeated Egypt by 4-1 for their greatest tennis triumph since the 1950s and their first breakthrough to the Davis Cup European Zone finals since 1953.

Israel was also beaten in the first round of two European team tennis championships over the week-end, the girls' under-16 Helvetia cup in Bad Wurzshafen, West Germany, where they went down to France by 0-5, and the boys' competition in Fomali, Italy, where the Israelis lost 2-3 to Austria.

In the Davis Cup zonal competition yesterday, Australia went through to the semifinal against Chile. New Zealand scored a surprise victory over Italy, and France unexpectedly knocked out Czechoslovakia.

The U.S., playing Sweden in St. Louis, were leading 2-1 against Sweden.

New Zealand, despite the absence of injured Russell Simpson, yesterday completed a 3-2 win over Italy, playing at home in Cervia.

Chris Lewis took advantage of a lifeless game of fading Italian hero Adriano Panatta to score a 6-4, 6-3, 6-2 victory and clinch the Kiwis' spot in the semifinal.

New Zealand meets France in the semifinal, following the unexpected French triumph over Czechoslovakia in Paris yesterday.

The French took an unassailable 3-1 lead when 22-year-old Yannick Noah, showing tremendous tenacity and skill, came back from a 2-1 deficit to defeat Ivan Lendl, 6-2, 3-6, 6-3, 6-4 in a match that lasted 3 hours, 58 minutes.

Australia, already 3-0 ahead on Saturday, wrapped up their match with Chile 4-1 in Brisbane yesterday, but Wimbledon semifinalist Mark Edmondson suffered a surprise defeat at the hands of Ricardo Acuna.

The Chilean won 6-4, 2-6, 6-4, 6-4 in one of the biggest upsets in Wimbledon history.

Australia takes the court in Perth in a September semifinal, probably against the U.S., which yesterday was leading Sweden by 2-1 in St. Louis.

Wimbledon runner-up John McEnroe and Peter Fleming, possibly the toughest pair in men's doubles to beat, overwhelmed Anders Jarryd and Hans Simonsson 6-4, 6-3, 6-0 to give the U.S. the lead.

Carlos greets Pertini, 85, at Cup final

MADRID. — King Juan Carlos was at the airport to welcome Italian President Sandro Pertini, at 85 possibly the oldest Italian football fan to make the journey, when he arrived in Madrid yesterday for the final. In Rome, the central district was closed to traffic from yesterday afternoon and the state television network erected huge screens beside the fountains of the Piazza del Popolo to allow the capital's tifosi to view the match.

More than 40 charter flights arrived in Madrid yesterday carrying West German and Italian fans for last night's final.

The late influx of supporters reflected the change in fortunes of both finalists who only narrowly survived elimination in the first round of the tournament.

At least 10,000 fans were reported to have flown in to Madrid's Barajas airport during the day to swell the numbers already in the Spanish capital.

From early yesterday evening the crowd started to build up around the 90,000-capacity stadium, and at sunrise of what promised to be another hot day there was already a big, milling crowd on the pavements outside the ground.

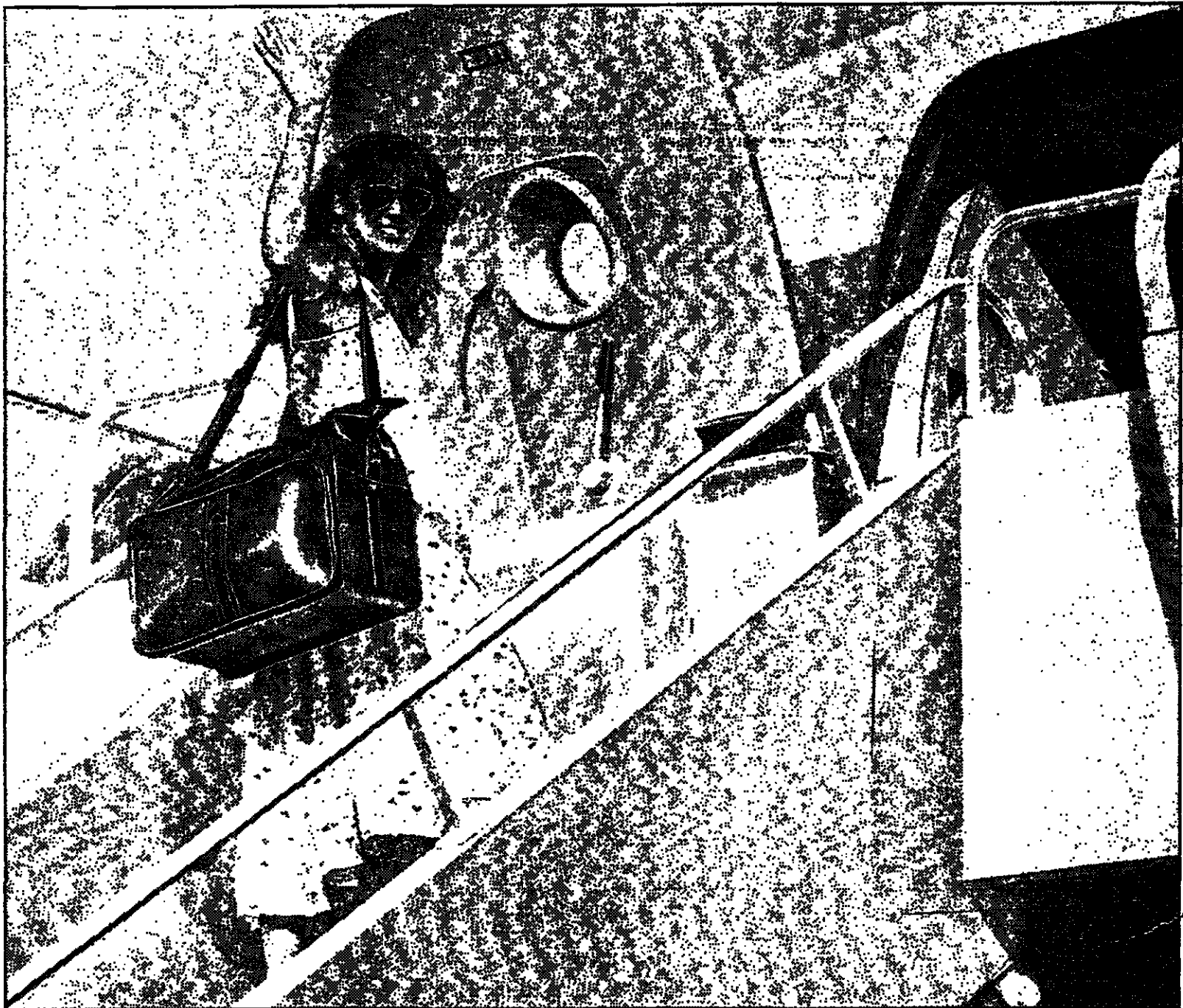
The atmosphere was good-natured with rival fans mingling happily together. Ticket scalpers were asking up to \$500 for a seat at the final, compared to the official price of about \$20 for a place.

Many of the supporters had spent the night in cars and caravans parked in the vicinity of the stadium. (Reuter, AP)

CYCLING. — Belgium's Frank Hoste yesterday won the 200-kilometre eighth stage of the Tour de France road cycling race, while Australia's Phil Anderson retained the overall leader's yellow jersey.

Thousands homeless in Argentine flood. FORMOSA, Argentina (UPI). — The Paraguay River left up to 23,000 people homeless and covered a million acres of land over with water on Saturday in its worst flooding in more than 70 years.

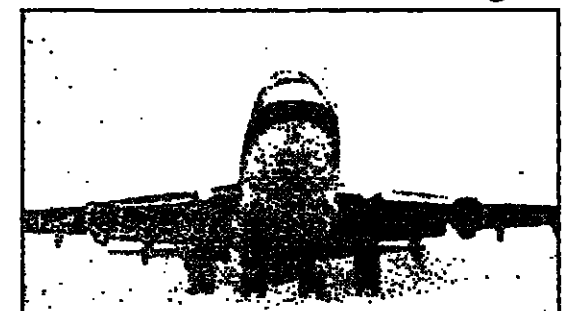
People in many areas of Formosa province have been warned to be ready to evacuate their homes.



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Monday, July 12	9.00 p.m.	Moriah Hotel, JERUSALEM (in English)
		Guest speaker: Minister Yitzhak Moda'i
Monday, July 12	9.30 p.m.	Plaza Hotel, TIBERIAS (in English)
Tuesday, July 13	8.30 p.m.	Park Hotel, TEL AVIV (in English)
Thursday, July 15	8.30 p.m.	Moriah Hotel, DEAD SEA (in English)
Thursday, July 15	8.30 p.m.	Galei Zohar Hotel, DEAD SEA (in German)
Sunday, July 18	8.30 p.m.	Zohar Hotel, BEERSHEBA (in French)

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Sunday, July 11, 1982

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WEEKLY REVIEW

Printed and distributed
in Israel
in association with
The Jerusalem Post

מקראות הארץ

Escape Clause

Shock of War Could Improve Opportunities For Diplomacy

By BERNARD GWERTZMAN

AMID the bloodshed and confusion of the Lebanon crisis, the Reagan Administration may have discovered a course that, while full of obvious risks, holds out the prospect of some windfalls for American objectives not anticipated when Israel invaded Lebanon more than a month ago.

Much depends on the negotiations being conducted in Beirut by the Administration's special envoy, Philip C. Habib. If he proves the skeptics wrong and devises a formula acceptable to Israel, the several Lebanese political factions, the Palestine Liberation Organization and Syria, the United States could find itself with the most promising opportunity for negotiations since the Egyptian-Israeli peace treaty was signed in 1979.

If he fails, and the Israelis give up on diplomacy and decide to annihilate the P.L.O. forces in west Beirut, the United States could find itself being blamed for sanctioning the inevitable bloodshed. In the uproar over such military action, Washington could be left without much leverage to force Middle East developments.

Mr. Habib's diplomatic high-wire act has been all the more remarkable because it has taken place at a time when the Administration's foreign policy often seemed to lack focus and was torn by sharp internal disagreements. Alexander M. Haig Jr., who had been directing Middle East policy, resigned as Secretary of State in the middle of the crisis, in part over his perception that William P. Clark, the national security adviser, Defense Secretary Caspar W. Weinberger and Vice President Bush were conspiring to sabotage his efforts.

Without the benefit of foreign policy experience, George P. Shultz, Mr. Haig's designated successor, will be thrust into the Middle East maze this week when he undergoes questioning at his confirmation hearings. Among the questions Mr. Shultz will surely be asked is whether his business connections in the Arab world as chief officer of the Bechtel Group Inc. have given him a pro-Arab bias.

As in 1973, the new opportunities for American diplomacy in the Middle East have resulted from a local upheaval. In 1973, President Anwar al-Sadat engineered the Egyptian-Syrian attack on Israel to produce an atmosphere conducive to a eventual political settlement and the signing of the Camp David accords. In the previous week, President Reagan, in his "weekend press conference," said that he hoped that "once a settlement had been reached in Lebanon, all parties could 'once and for all deal with the problem of the Palestinians, and settle that problem within the proposals and the suggestions that were made in the Camp David accords.'"

If an agreement is worked out by Mr. Habib, the United States has promised to contribute 800 to 1,000 troops to an international (partly French) force that would protect the departing Palestinians from the Israelis and the remaining Palestinians from Lebanese Christian militias. Once a settlement was in place, the following scenario would not be out of the question in coming months.

Mr. Reagan, in consultation with Mr. Shultz, would declare peace in the Middle East the Administration's highest priority, and a prominent American, perhaps even Henry A. Kissinger, would be appointed as special negotiator.

No longer having a Palestinian military threat on its borders, Israel would be asked by Washington to



Philip C. Habib

Progress 'in Principle,' Dying in the Meantime

Stops or slaughters? Hoping to end the one and avoid the other, President Reagan last week agreed "in principle" to send American troops to help gain the withdrawal of Palestinian and Israeli forces from Beirut. France also offered "in principle" to contribute troops.

Deployment hinged on a settlement among the many parties to the dispute, an extremely difficult feat. Some optimism was generated when Lebanon's Moslem Prime Minister left west Beirut for the first time in a week and met with Washington's special envoy, Philip C. Habib, in the relatively comfortable Christian east. But the mood quickly worsened after the resumption of heavy artillery and rocket exchanges between Israel and the Palestinians. At least 50 people died as the Israelis scored direct hits on still-occupied townships and abandoned luxury high-rises along Beirut's embassy row.

As in the 1975-76 civil war, Lebanese have already stopped counting how many cease-fires have ceased since the Israeli invasion began on June 6. The Israelis have used the intervals between cease-fires to move closer to Palestinian positions. Since last weekend, they have blockaded

west Beirut, stopping vehicles and confiscating food, water and, except briefly on Thursday, medicine. For three days they also deprived the residents of electricity and running water. While asserting that Israel wants a diplomatic solution, its deputy chief of staff said the army was making preparations to stay in Lebanon through the winter.

The Israelis broke the news of the American troop offer, which they interpreted as associating Administration policy with their own aims. Even Yasser Arafat appeared prepared to accept the Americans if that would save the lives of his 6,000 Palestine Liberation Organization fighters and the half-million civilians in west Beirut and strengthen his case for recognition by the United States.

The Russians, however, warned against the introduction of American and French forces into the region. Their local allies, the Syrians, appeared to throw a spanner in the works when they announced that the rank-and-file Palestinian fighters were not welcome in Damascus, although they left open the possibility of accepting the P.L.O. leadership. Showing plume at Mr. Habib's failure to consult Syria (he sent a deputy to Damascus yesterday to make

carry out its Camp David pledge to negotiate seriously with Egypt to conclude a self-government agreement for the 1.3 million Palestinians in the occupied West Bank and Gaza Strip. Those talks for a five-year interim administration have been deadlocked for more than two years, largely due to Israeli intransigence.

Critics of Prime Minister Menachem Begin's Government believe that Israel will never negotiate seriously for Palestinian autonomy, because it wants to incorporate the West Bank into Israel. But in the aftermath of Lebanon, Mr. Begin may feel under pressure to repair relations with both Washington and Cairo. To do so, he must show more diplomatic flexibility, particularly if he is to convince his many critics in the United States Congress to supply the economic wherewithal to pay for Israel's latest war, and the costs of maintaining American forces in Lebanon. The prospect of United States Marines in Lebanon has produced concern in Congress that the Americans would be forced to stay longer than the 30-day maximum promised by Mr. Reagan. Many in Congress also object to Israel's use of American military equipment such as cluster bombs against civilian targets. As unilateral steps to improve relations, Mr. Begin could stop dismissing Palestinian mayors in the West Bank and establishing new Jewish settlements there.

In the Palestinian camp, the weakening of the Palestine Liberation Organization as a military force will probably produce divergent approaches. Some factions may push for a return to reliance on terrorism, but others may try to turn defeat into a political victory by seeking enhanced international standing. Some leaders may seek United States recognition, even if this means publicly accepting Israel's right to exist.

For the United States, dealing with the guerrilla group may be the only way to bring about an autonomy agreement, since the organization's acceptance may be a prerequisite to getting local Palestinian participation. In turn, the weakening of the liberation organization's military standing, as well as the sharp defeat suffered by Syria, might embolden Jordan to play the more active diplomatic role envisioned by Camp David, particularly if King Fahd, the new ruler in Saudi Arabia, indirectly throws his support to negotiations by improving relations with Egypt.

amends) and perhaps trying to strengthen the P.L.O.'s hand in negotiations, the Syrian Information Minister said the guerrillas had "only two options — either to be thrown into the sea and swallowed by the sharks or to go back to their homeland, to Palestine."

But more than ever last week, the Israeli Government showed that it was not prepared to accommodate Palestinian aspirations on its territory either. Israeli troops, breaking up West Bank protest demonstrations, killed two Palestinians. The authorities also shut down Bir Zeit university, a center of Palestinian nationalism, for three months.

Two more Palestinian mayors who refused to cooperate with the new, nominally civilian administration of the occupied areas were dismissed, bringing the total ousted since March to seven. Unlike the six others, who were elected, Mayor Rashad al-Shawa of Gaza was an Israeli appointee. A relative moderate, he had called on the P.L.O. and Israel to recognize each other.

Israel's suppression of Palestinian nationalism on two fronts was beginning to disconcert some of its major American Jewish supporters. Edgar M. Bronfman, president of the World Jewish Congress, said that now that the Palestinians had been vanquished militarily, "Israel must finally face the Palestinian problem... Jews, of all people, can understand the longing and need of the homeless for a place to live their lives in dignity."



Israeli soldiers during an exchange of fire with Palestinians in west Beirut last week.

Associated Press

'Don't Worry, I Know Who I Am Dealing With'

Arafat Leads the P.L.O. Into Toughest Salvage Operation

By THOMAS L. FRIEDMAN

BEIRUT, LEBANON

THE relationship between a leader and his people is often revealed by small gestures. Yasser Arafat's relationship to the Palestinians remaining in besieged west Beirut was illuminated by a scene following an Israeli aerial bombardment last week. The Israeli had blown up an apartment house in the Fakhani quarter. A corner building, it looked like a slice of cake someone had smashed with a fist. Trapped inside were many civilians, including an old woman's four children. She was waiting outside the twisted debris when Mr. Arafat came walking down the street accompanied by two guards and trailed by neighborhood folk. As soon as she spotted him, the old woman stopped crying, ran up and kissed his forehead. "I lost four of my family inside," she said, "but I have nine more and they are all for you."

Mr. Arafat may need them. The founder of the Al Fatah guerrilla group and chairman of the Palestine Liberation Organization is facing his darkest hour. His fighters are encircled by the Israelis, deserted by the Arabs and seemingly forgotten by the Soviet Union. Not only his own life, but the very future of the Palestinian resistance movement is at stake. There is little doubt, however, that whatever he decides in the coming days — whether to stand and fight or withdraw — his men and many of his people will follow him.

A crucial question is whether he will be willing to go down in history as the Palestinian leader who ordered the pullout from Beirut. While the Americans are trying to arrange a purely technical withdrawal, Mr. Arafat needs much more — a withdrawal that can also be presented as a political victory.

Israelis have often argued that Mr. Arafat does not represent the Palestinian people, only a minority "terrorist" wing. But in reality, he has the respect and allegiance of a wide range of Palestinians, from the most extreme groups such as Dr. George Habash's Popular Front for the Liberation of Palestine, to relative moderates such as the West Bank mayors. Unlike previous Palestinian leaders such as Ahmed Shukairy, the first chairman of the P.L.O., Mr. Arafat also has the respect and at least verbal support of all Arab heads of state. In sum, since becoming chairman in 1969, he has evolved into the first fully rounded Palestinian leader, the first guerrilla general, politician and father figure all in one. When he walks down the dusty lanes of refugee camps, the people don't call him Yasser, or even his Arabic nom de guerre, Abu Amar. They simply call him Al Khitayir, "the old man."

A bachelor who neither smokes nor drinks, Mr. Arafat prefers to do most of his business at night, but his routine has been interrupted by the negotiations. As a result, friends say, he often ends up working round the clock, a regime made tougher by the fact that as an observant Moslem, he goes without food or water during daylight as required during the holy month of Ramadan.

He continues to rely on the coterie of advisers he came to know while working as an engineer in Kuwait in the early 1960's and with whom he founded Al Fatah in 1965. They include his chief deputy, Saleh Khalaf (Abu Iyad), his military chief of staff, Khalil al-Wazir (Abu Jihad), his senior political advisers, Hani and Khaled al-Hassan, and his "foreign minister," Farouk Kaddoumi.

Al Fatah accounts for more than 70 percent of the estimated 25,000 guerrilla fighters and holds the top positions in the Palestine Liberation Organization and its 94 diplomatic missions abroad. But these days especially, Mr. Arafat is taking great care to listen to radicals such as Dr. Habash and Nayef Hawatmeh, leader of the Democratic Front for the Liberation of Palestine. As the largest of the eight main guerrilla groups, Fatah has borne the brunt of the Israeli invasion. This has altered the internal balance of the organization and given hard-liners a greater say in the negotiations. At the end of the day, however, no one doubts that Mr. Arafat will have the final say.



Yasser Arafat

Thus far, the combination of the overriding Israeli threat and the fact that the P.L.O. has yet to be offered a package deal acceptable even to Fatah, has kept the internal contradictions in the organization between the pragmatists and the ideologues from breaking into the open. Only months ago, when Mr. Arafat was flirting with the Fahd settlement plan, which implicitly recognized Israel, Dr. Habash and the other hard-liners rejected the Saudi proposals out of hand. Keeping the factions together in a reasonably coherent movement has always been Mr. Arafat's greatest achievement and daily headache.

His negotiating style remains the same juggler's routine that has kept him and the P.L.O. in business for 13 years. While many Lebanese have lost track of the maze of peace proposals, he is understood to be constantly shifting between them, firing off a telex to France for concessions here, phoning King Fahd for pressure on the Americans there, and regularly juggling the Israelis and Philip C. Habib, the American envoy, through his Lebanese intermediaries. "Don't worry," he said in an interview with The New York Times last week. "I know who I am dealing with. I can see it all clearly before me like a panorama."

One Arafat tactic has been to play on the fears of Lebanon's Moslems that if the P.L.O. leaves, they will be exposed to Christian domination. The Moslem Prime Minister, Shafik al-Wazzan, is ready to accept a token P.L.O. presence, while the Christian President, Elias Sarkis, is not. Mr. Arafat has cadgedly told Mr. Wazzan to tell Mr. Habib that he will accept whatever the Lebanese Government decides. While the Lebanese dawdle, the P.L.O. is earning time for pressure to build against an Israeli invasion of west Beirut.

One indication that a formula for withdrawal is being negotiated is that Mr. Arafat, who usually enjoys meeting with the press, has given few interviews recently. They have nonetheless been revealing. In his interview last week, he repeatedly expressed bitterness toward the United States for arming, and in his opinion collaborating with, Israel. The depth of bitterness seemed to reflect something larger — anger, disappointment and cynicism that after all these years and diplomatic efforts, when it came to the crunch no one seemed to care for the Palestinians, not their friends and not even some enemies. But through the bitterness and generalities, there was one point he sought to make. Gripping this reporter by the shoulder, he said, "Just don't forget one thing. After five weeks of war we are still here, where we always were, the main factor in the Middle East equation."

Anger and angst over Bonn's politics

3 O'Connor record surprises fans and foes

4



People with people in mind.



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The World

In Summary

The Downside Risk of Gold Includes Death

The sharp drop in gold prices has thrust South Africa into recession and diminished its power to buy racial and labor peace in the gold mines around Johannesburg. Strikes and riots erupted last week at a half dozen mines. At least 10 black miners were killed by the police or in fighting with workers from rival tribes. Several thousand workers left voluntarily or were sent back to their so-called homelands.

Squalid single-sex hostels and dangerous working conditions — six black miners died in an accident on June 27 — were the backdrop for the unrest. But the main grievance was over pay. With the price of gold down to about \$380 an ounce, the Gencor and Gold Fields mines this year granted wage increases of 12 percent, less than half last year's raises of 26 percent and not enough to keep pace with the inflation rate of 16.5 percent. Discontent at those mines was all the greater because two other groups, the giant Anglo-American Corporation of South Africa and Rand Mines, granted black workers 16 percent raises.

This year, the owners had hoped to retrench a bit — and narrow the wide gap between average black wages of \$200 a month and white wages of more than \$1,000 — by offering white miners only a 9 percent increase. But the owners backed down in the face of a strike threat and granted whites the same percentage increase as the blacks.

Gold accounts for half of South Africa's export earnings. The slump in prices — from a high that topped \$825 an ounce in 1980 — coupled with a drop in prices for other South African metals and agricultural exports, is expected to produce record deficits and foreign debt this year and negative economic growth in 1983.

Which Way Out Of the Embargo?

For President Reagan, a simple "matter of principle" has become a complex lesson in practical politics. Under threats from angry European allies, he is exploring ways to soften his recent economic sanctions against the Soviet Union and Poland.

Italy last week joined Britain and West Germany in defying Mr. Reagan's ban on the sale of equipment made under license from American companies for the Siberian gas pipeline.

The Administration began to re-evaluate its action after an "explosive" Cabinet-level meeting on June 24, only one week after the sanctions were announced, according to officials. United States Trade Representative Bill Brock argued that the country was antagonizing its friends without doing real damage to its enemies.

The United States is now in the awkward position of looking to Moscow and Warsaw for help. Officials say liberalization of martial law in Poland would give the United States an excuse to back off on the sanctions. "We would like for the Polish Government to try us," an official said.

The Administration hopes the regime releases Solidarity activists, including Lech Walesa, on July 22, the national day. President Reagan also wants Poland to allow a visit by Pope John Paul II in August. The Polish Government, which is trying to discourage him from coming, fears that the Pope, an eloquent critic of martial law, would inspire the dispirited forces of resistance.

With the support of Archbishop Jozef Glemp, the Polish Primate, who arrived in the Vatican last week for talks, the Pope also wants to use his pilgrimage to wrest martial law concessions from Warsaw.

Argentina Takes Another Plunge

If Argentina's economy was desperate before the Falkland disaster, conditions are now "in a state of destruction without precedence," the new Economics Minister, José María Dagnino Pastore, warned last week.

Declaring a "national emergency," he bowed to popular pressure and announced measures designed to jump-start the economy. The Government devalued the peso by 21 percent for trade and floated it for other transactions (it thereupon plummeted in value by nearly 100 percent), raised the pay of public employees by up to 40 percent and slapped a ceiling on interest rates. The state will subsidize the rebuilding of slumping industries with low-cost loans and import restrictions — policies repudiating Argentina's six-year experiment with a free-market economy, which Mr. Dagnino Pastore once supported.

The military leadership changed course in the face of widespread dissatisfaction with the results of previous policies. Those included a 6 percent decline in economic growth in 1981, a 40 percent drop in real wages

so far this year and one of the highest per capita foreign debts in the world.

Faith in the military was eroded further by reports from soldiers returning from the Falklands. Buenos Aires newspapers gave wide play to their stories of disease and hunger — and of corruption, cowardice and incompetence among their commanders. A Peronist leader called the military's war conduct "the blackest page in Argentine history."

Falkland Questions

The victors in the Falkland war were engaged in some finger-pointing of their own.

British Prime Minister Margaret Thatcher, with a push from Parliament, last week formed a board to investigate the events that led up to the April 2 Argentine takeover of the South Atlantic archipelago.

Laborites and even some of her fellow Tories contend Mrs. Thatcher should have taken military action in late March when British foreign officials first caught wind of Argentine plans to invade.

The six-man committee got off to a controversial start as Michael Foot, the opposition leader, and the Prime Minister wrangled over its composition. According to observers, the panel's findings, expected before the end of the year, could erode the political gains Mrs. Thatcher made during the war.

The Prime Minister faces another problem: what to do with the last 500 Argentine prisoners. Although British officials have said they won't release them until Buenos Aires gives "positive indications" that the war is over, they are so eager to get rid of the soldiers that they are considering a unilateral declaration of peace.

Minister of Defense John Nott said all the ships and aircraft lost in the war would be replaced, but that only modest increases in the military budget would be requested.

A Sudden Need For a Successor

The echo of campaign slogans often mocks successful candidates, but Antonio Guzmán's "change without violence" proved especially poignant. The 71-year-old President of the Dominican Republic shot himself in the head last weekend and died hours later. His death was officially described as an accident, assuring his burial in a Roman Catholic cemetery, but Government sources said it was suicide.

Mr. Guzmán, a millionaire farm owner whose Dominican Revolutionary Party was affiliated with the Socialist International, had managed to move the military out of politics. His accomplishment was solidified by the election in May of Salvador Jorge Blanco, a left-of-center lawyer and fellow party member who was neither Mr. Guzmán's choice nor the army's. Mr. Jorge Blanco, who will visit Washington this week, takes office on Aug. 16.

Some friends said Mr. Guzmán had been depressed by family problems. Others said he was under pressure from subordinates who feared they would be targets of an anticorruption probe promised by Mr. Jorge Blanco.

But just before his death, Mr. Guzmán apparently acted to keep the civilian succession on track by recalling the armed forces secretary to the capital. The President's son-in-law



President-elect Salvador Jorge Blanco at Guzmán funeral.

and administrative aide called the country's other generals to the palace. They witnessed the swearing in as President of Vice President Jacobo Majluta Azar who then announced in a quavering voice that the armed forces would support the scheduled transfer of power.

Katherine J. Roberts, MIT Freudenberg and Barbara Slavin

Urban, Educated Elite Want Prosperity and Much More

Mexico's Middle Classes Vote Their Discontents

By ALAN RIDING

MEXICO CITY — Although it was obscured by the landslide victory of the official party's candidate, Miguel de la Madrid Hurtado, the results of last Sunday's Mexican presidential elections included a warning to the country's entrenched political system: The middle class is increasingly unhappy with the Government.

Mr. de la Madrid, who will succeed President José López Portillo Dec. 1, won 74 percent of the vote in a record turnout. But 14 percent of the electorate — more than three million people — backed the conservative National Action Party. Most of that support came from disenchanted urban middle-class voters of Mexico City, Guadalajara and Monterrey.

The ruling Institutional Revolutionary Party, known in Mexico as the P.R.I., drew the almost ritual support of the workers and peasants who have helped keep it in power for 53 years. In contrast, support for the opposition included a large element of protest, much of it from people with economic and intellectual weight who are demanding a political voice.

Political reforms decreed in 1978 allowed anti-Government voters to choose from the candidates of two right-wing and four left-wing parties. But the left fared poorly; the new Unified Socialist Party, which had expected to emerge as Mexico's main opposition force, got only 5 percent of the vote.

Thus, support for Mr. de la Madrid came from those who have received least from the system, while opposition was concentrated in the class that has most benefited from Mexico's economic growth. Although the middle class absorbs a disproportionate amount of Government resources and accounts for the majority of the two million or so civil servants, it appears to feel little identity with the Government.

The disenchantment of the middle class has deepened as its prosperity has increased; it was born not of having too little, but of expecting so much more. Over the past five years, an oil-prime economic boom sparked an extraordinary spending spree in the cities. Those joining the swelling ranks of professionals, office and service workers not only increased their domestic spending but also their foreign investments, particularly in American real estate.

When the Mexican currency collapsed and the economy went into a dive in February, rising con-

sumer expectations were abruptly frustrated.

Many who were accustomed to spending vacations abroad woke up to find the dollar costing twice as many pesos. For others, the burst of inflation turned "necessities," such as cars and new furniture, into luxuries. And some were forced by rising rents to seek cheaper quarters and adopt a lower standard of living.

But even before the boom turned bust, the middle class had its complaints. With the poor exempt and the rich evasive, they carried the main tax burden. At the same time, the quality of life in most urban areas has been gradually undermined by traffic jams and air pollution.

More than any other subject, corruption arouses middle-class hostility toward the Government. Mr. de la Madrid's pledge to bring about a "moral renovation" of society was perhaps his only campaign message to fall favorably on middle-class ears. But cynicism runs deep, with middle-ranking bureaucrats perhaps most convinced that corruption is inevitable.

For all their vociferous objections, however, the middle class is largely unshaken politically. Although 64 senators and 400 deputies were also elected last Sunday, Congress exercises little influence over the President and serves as a poor conveyor of opposition sentiment. The Mexican press is more of an escape valve for discontent, but it is also dependent on Government financing and, in the end, subject to control.

Still, competing sectors of the population have found alternative means of pressuring the regime. Landless peasants can seize private farms to draw attention to their plight. Industrial workers can campaign through their unions and, if necessary, strike or demonstrate in the streets. And bankers and industrialists can take their case directly to the President. Those in between, especially during a period of rapid economic growth in a country with great social mobility, defy easy definition and, as a result, have escaped political attention.

Some political analysts see the protest factor in last Sunday's vote as significant, but they argue that the Mexican middle class remains an amorphous and conservative sector more interested in preserving individual status than participating in politics.

"Its only involvement is through the vote," said a respected political scientist, who asked not to be named. "But those who voted for the National Action Party knew that they would change nothing."

Other analysts, though, believe the middle class



Mexico's next President, Miguel de la Madrid Hurtado, campaigning in Veracruz.

is a wild card in Mexican politics that could make itself felt in surprising times or ways. And they recall that the massive protest movement of 1968, while sparked by leftist university students, was quickly transformed into an expression of middle-class discontent, although it was ignored by peasants and workers and, eventually, was smothered by the regime.

The system did respond later, however, by permitting greater political and press freedom as a concession. And even the reforms of 1978, which resulted in the proliferation of opposition Presidential candidates in this election, were aimed principally at drawing middle-class activists into the system.

The question now is whether, as inflation continues to gnaw at the purchasing power of the middle classes, some fresh political response will be forthcoming. Certainly, a populist approach by the incoming de la Madrid administration would aggravate middle-class nervousness and prompt a new flight of capital out of the country. The Mexican middle class has shown that when it can't make itself heard politically, it can at least make itself heard in the economy.

Divide Paris Into 20 Municipalities? Never!



How Mitterrand's Pet Idea Became a Monster

By RICHARD EDER

PARIS — Henry IV thought Paris was worth a mass. François Mitterrand seems to have thought it worth a mess, though not as big, apparently, as the one he stirred up 12 days ago by proposing to divide the City of Light into 20 60-watt municipalities.

The proposal to turn the capital's districts, or arrondissements, into independent townships — and the city itself into a mistily defined metropolitan area — was offered in the name of decentralization. But it seemed mainly intended to undermine the power and dignity of Jacques Chirac, the Mayor of Paris and the main national opposition leader.

In the course of a week, the issue blew up into a first-rate scandal, which is not quite a scandal but more of an opportunity to exercise the Gallic version of a primal scream. The press, except for the Communist L'Humanité which is under orders to be polite, erupted in tones ranging from the pleasurable outrage of the opposition papers to the pleasurable irony of Government supporters such as Le Monde.

The opposition, which had begun to make headway because of the Government's poor economic record, found the issue an unexpected bonus. All over Paris, passers-by signed petitions against the city's vivisection. Mayor Chirac called a flag-draped press conference in the gilt-baroque City Hall. Throatically, he quoted Giraudoux to speak out for "these hectares where more has been thought, more spoken, more written than anywhere in the world; this corner of the planet that has been the most free."

If the opposition called the proposal a crime, much of the Government concluded last week that it was that vile sin, an error. Cabinet ministers, when asked about it, were quoted as offering ex-

pressive silences or, as in the case of the Budget Minister, Laurent Fabius, as saying that the present economic crisis was a time to unite the country, not to divide it.

Having, like the King of France, marched its troops up the hill, the Government did not so much march them down again as declare the hill imaginary. There would indeed be decentralization, Prime Minister Pierre Mauroy announced last week, but Paris would remain a real city and its Mayor would remain a real mayor.

Mini-Mayors, Mini-Councils

The original proposal would have created 20 independent municipalities, each with its own elected mayor and council and its own budget. Paris would no longer have been a city but a metropolitan area, with undefined coordinating and budgetary powers. The Mayor would have been reduced to being the president of a council named by the councils of the 20 municipalities.

The Government now proposes to keep Paris as a city with a directly elected mayor and council with full budgetary and tax powers. The arrondissements would become sort of submunicipalities, clearly subordinate, with elected mini-councils and mini-mayors.

The shift may take some of the roar out of the furor, but it is also likely to breed new variants on last week's jokes.

A sampling: Would the municipalities have names or, as at present, simply numbers? Would the Eiffel Tower belong to the 15th Municipality (formerly arrondissement) or to the Metropolitan Area? Would people "love the Metropolitan Area in the springtime?"

The initial proposal, now widely regarded as an uncharacteristic political gaffe by President Mitterrand, seems to have been an unstable mixture of two objectives — the Socialists' belief in decentralization and their effort to reduce Mr. Chirac's

considerable mayoral powers and platform.

Paris's two million inhabitants have, like the rest of France, been run as a highly centralized affair. Until 1975, citizens had next to no say in managing the city, which was run by an appointed prefect. An elected city council and mayor then took over many of the prefect's functions, but services such as police and schools remained under central control. If Parisians were given a greater voice in their affairs, it was still a centralized voice. Officials in the district offices in each arrondissement are put there by City Hall, which makes the decisions on everything from garbage collection to municipal housing.

The thought that there should be more neighborhood decision-making is not new, nor exclusively Socialist. But earlier proposals stopped far short of creating independent municipalities.

The latest proposal stopped short of defining just which powers would have been given to the municipalities and which would have gone to the metropolitan area. But there was widespread concern that the plan would have bred duplication, lack of coordination, an inflated public payroll and, in general, disruption of a generally well-organized and well-run city.

The political significance of Paris goes beyond wealth and size. It is the capital and its mayor is, in a sense, a national figure. When Mr. Chirac ran for the office in 1977 and won, this was a prime factor in making him the most considerable opposition figure. The office provided him with power and patronage and a base and platform to oppose the Government that he would never have had as just a party leader in the National Assembly. In the Socialists' first year in office, Mr. Chirac has been fairly subdued, but recently, taking advantage of the economic crisis, he has lifted his head.

Beyond undercutting Mr. Chirac, there was another motive to the Government's plan, less personal but equally political. Paris as a whole votes to the right, and as long as the city is a single political unit, it is winner takes all. In half a dozen arrondissements, however, the Socialists might return a majority. The proposed reorganization could mean that instead of being almost completely shut out — Mr. Chirac is not notably generous to the Socialist minority on the city council — the Socialists might control as much as one-third of municipal power and patronage.

Payoff Scandal Touches the High and the Mighty and the Alienated

Anger and Angst Test Bonn's Clubby Politics

By JOHN VINOCUR

BONN — New talk of political payoffs by West German industry — the fresh names this time include leaders of both the ruling Social Democrats and the opposition Christian Democrats — is reinforcing factions trying to turn around the economic and security policies that have been constants here since the end of World War II.

The congruence last week was striking. While Willy Brandt, the Social Democratic Party chairman and former Chancellor, was denying he took any money, and Helmut Kohl, the Christian Democratic Party chairman and Chancellor candidate, was acknowledging he received and legally declared a contribution from the same suspect firm, an opinion poll offered the political mainstream an unsettling conclusion. If national elections were held now, it said, the Greens, more a collection of maximalist/minimalist demands than a standard political organization, would be elected to the Bundestag for the first time.

The Greens, originally an environmental group, tend to reject economic growth, atomic energy and many aspects of West Germany's relationship to the Atlantic Alliance. Their strength is among relatively young, relatively well-educated people — precisely those who dislike German establishment politics and are driven farther from the middle by the kind of scandal talk running again through Bonn.

If the Greens are consistent, it is in their protestations of moral superiority. They have it easy when practitioners of rectitude such as Mr. Brandt and Mr. Kohl must devote time to explaining the presence of what appear to be their names on a list that enumerates money purportedly paid to politicians by the Friedrich Flick group, a privately owned industrial holding company.

The new details are part of a scandal that had slumbered since February when the federal prosecutor announced that three members of Chancellor Helmut Schmidt's Cabinet — Finance

Minister Manfred Lahnstein, Economics Minister Otto Lamsdorff and Hans Matthöfer, the Minister for Post and Telecommunications — were under investigation on suspicion of taking bribes. Their case involves tax advantages obtained by the Flick group and some kind of exchange, possibly in the form of contributions to political parties, as recompense from the firm. Over the last five months, tens of witnesses have been interviewed by investigators, and Mr. Brandt has acknowledged he was one of them.

According to press accounts, none denied by the prosecutor's office, the investigators have come upon a list, kept by Flick, of 40 prominent names (some politicians say it is more like 80) with sums written next to them. There are a series of entries next to the name "Brandt." This has been confirmed by the former Chancellor's office, which also expressed his denial of any involvement, and his outrage at being dragged into the messy business. Privately, some Social Democrats have suggested that the list could have been drawn up either out of vengeance or as an attempt to conceal an embezzlement.

Little Investigative Journalism

In any case, the story is one that almost no one in Bonn likes because it touches every corner of the political establishment. There were a few headlines on Monday, but by Thursday not a line appeared in any of the major national newspapers about the scandal. Since there is no tradition of investigative journalism in the West German daily press, and most newspapers have strong party affiliations, the scandal was not likely to have daily installments — short of the prosecutor bringing criminal charges against one of the politicians.

But the alienation factor among voters is real. Among the reasons that the Greens have gained strength is that Bonn politics, like politics in many other capitals, can seem clubby and most concerned with survival and self-perpetuation. That the Greens have become a national force was confirmed by last week's poll, which ranked them the

country's third party, ahead of the Social Democrats' coalition partners, the Free Democrats. It was also confirmed by the Social Democrats beginning discussions with the Greens in Hamburg last week about a possible cooperation arrangement for the fall in the state parliament.

For some West Germans, this was an extraordinary event, a case of a weakened democratic party courting a group that some politicians say is only barely attached to basic notions of a parliamentary society. The loudest cries, predictably, came from the Free Democrats who feel most threatened by the Greens. Wolfgang Mishnick, the leader of the Free Democrats' parliamentary group and an ally of the Chancellor, said that although he found merit in the Greens' concern about ecology, "other elements in their present structure represent a considerable danger for democracy." A party economics expert, Hans Gartermann, was quoted as saying that the Greens and their allies include "Communists, blood-and-soil ideologists and self-appointed protectors of the environment."

The reference to Communists apparently related to a statement by Richard Meier, chief of the federal internal security organization, that people elected to the Hamburg parliament in June on the Green/Alternative List ticket included members of Communist organizations. The "blood-and-soil" comment seemed to be aimed at the occasional tones of romantic purity that have drawn both the far left and far right to the Greens and their allies.

Those, on the other hand, who argue in favor of talking to the Greens see this as a way to convince them of the need for compromise and for what is described as responsible politics. In the case of the Social Democrats, the question may be one of pure survival. Recent regional elections have shown they are losing the most young voters to the Greens and that significant numbers of their traditional working-class supporters are either staying home or switching to the Christian Democrats.

Many of these voters would disagree with the Greens' zero-growth theories and support of illegal demonstrations (the Alternative List people co-organized the court-enjoined rally against President Reagan in Berlin last month). But the scandals make their mark. Some of the heaviest Social Democratic losses in Hamburg came in districts where voters live in houses built by Neue Heimat, the union-owned construction company whose leadership was shown this year to be pocketing profits on real estate speculation deals.

The Nation

In Summary

Reagan Names Abortion Foe To Commission

President Reagan continues to emphasize the need for new blood in the Civil Rights Commission, but critics contend that transfusions have already severely weakened it.

In particular, the President's nomination of Robert A. Destro, former director of the Catholic League for Religious and Civil Rights in Milwaukee, for a seat on the commission has brought complaints from organizations that favor freedom of choice on abortions.

Opponents of the nomination, who are sure to have more to say at Congressional hearings scheduled for later this month, argue that as a staunch anti-abortion activist he isn't suitable for the six-member commission because he might be more a single-issue antagonist than a defender of all rights. Some have pointed to statements by Mr. Destro — most notably that he would like to see the commission abolished — as evidence of the President's intention to dilute the agency's enforcement powers.

Controversy over another Reagan nominee ended in February when the Rev. B. Samuel Hart, under pressure from civil rights groups, asked that his name be withdrawn. Another selection, that of Clarence M. Pendleton as commission chairman, received a cool reception from civil rights organizations.

Life, Liberty And Exiles

Ethiopia's Marxist Government may or may not be less repressive now than when it took over in 1974, but 15,000 Ethiopian exiles in the United States won't have to go home to find out. Reversing a stand it took last year, the State Department said last week that the students and refugees who fled would not be deported.

The about-face came in reaction to strongly worded House and Senate resolutions backed by blacks, conservatives and liberals. Perhaps the most influential of them was co-sponsored by Representatives Julian C. Dixon, Democrat of California, and Jack F. Kemp, Republican of New York. Many of the exiles have settled in and around Los Angeles and New York City.

The Immigration and Naturalization Service had started deportation hearings based on the State Department view that the Ethiopian Gov-

ernment had stabilized to the point that the exiles no longer warranted political refugee status. Mr. Kemp, however, contended that the Ethiopian regime remained "one of the most barbaric in the world."

Some Haitian refugees seem to have similar sentiments about their native land, but the Government nevertheless kept up the pressure to send them back. Last week the Justice Department asked the United States Court of Appeals to stay a Federal District Court order that 1,800 Haitians, most of whom have been imprisoned more than a year, be paroled from detention centers in Florida and Puerto Rico.

The Government contended that if the Haitians were freed before the District Court order was fully reviewed, 20,000 to 40,000 others would seek refuge in Florida. The Government said it would institute its own, much stricter parole plan if the stay was granted. Under it, about 200 Haitian refugees would be released.

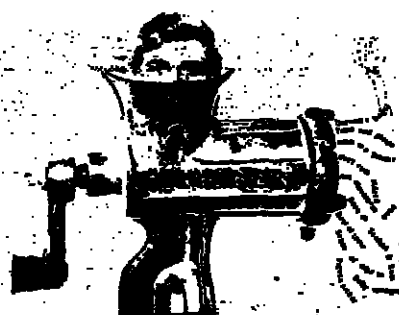
Cody Case Is Marked Closed

The question of whether John Cardinal Cody committed a crime in diverting church funds died when he did, in April. The question of whether others connected to the Roman Catholic Archdiocese of Chicago acted improperly was laid to rest last week, when United States Attorney Dan K. Webb said he would close the case without seeking indictments.

The investigation began after articles in The Chicago Sun-Times charged that Cardinal Cody had misused upward of \$1 million in diocesan money, most of it for the benefit of his stepcousin and lifelong friend, Helen Dolan Wilson. Cardinal Cody, whose influence as head of the nation's largest Catholic archdiocese was not confined to spiritual matters, refused to cooperate with investigators and denounced the inquiry as an attack on the church.

Mrs. Wilson, whom the state Department of Insurance had previously ruled ineligible for a \$300-a-month pension Cardinal Cody arranged for her when she retired as his secretary, blamed The Sun-Times for the 74-year-old archbishop's fatal heart attack. The day after Mr. Webb said no charges would be filed against her, Mrs. Wilson's attorneys announced she would seek damages of more than \$10 million in a libel suit against the newspaper.

Michael Wright,
Carlyle C. Douglas
and Caroline Rand Herron

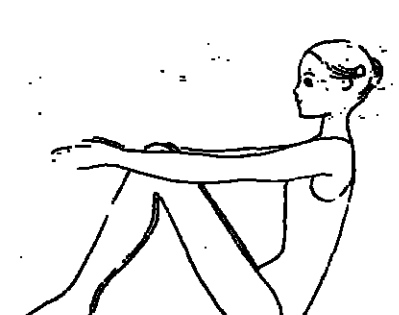


WITH PREJUDICE

By Alex Bertine

Alex Bertine's mind is either a fount of erudition or a rubbish dump, depending on your point of view. In the ten years "With Prejudice" has been appearing in The Jerusalem Post, the column has dealt with such abstruse topics as Anal (a language spoken in Burma and Manipur), the way Shakespeare's puns crop up in comic postcards four centuries later, and the age-old question of "Who is a Squis?" With tongue planted firmly in cheek, Bertine lovingly assails nearly every institution hallowed by man.

Published by Carta and The Jerusalem Post. 256 pages, hardcover, illustrated. IS 383



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By Judie Oron

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The President Phones It In From California

SANTA BARBARA, CALIF.

THE second week of President Reagan's California vacation began with the unraveling of a well-kept secret — that the President had given his special Middle East Ambassador, Philip C. Habib, a potent "bargaining chip," the promise of United States troops for a peace-keeping force in Lebanon.

A striking feature of the Administration's troop proposal was the degree to which the White House staff in general and national security adviser William P. Clark in particular dominated the decision-making process. White House aides insisted that the State and Defense Departments had "input" through an interagency task force that met throughout the week in Washington.

But even that group was headed by a Clark deputy. Here in California, meanwhile, it was Mr. Clark's phone calls and visits to the President's ranch in the Santa Ynez mountains that provided Mr. Reagan's main link with the Middle East negotiations and, for that matter, with the United States Government.

This week also brought an end to the long goodbye of Alexander M. Haig Jr. as Secretary of State. Typically, it was unclear whether the prickly Mr. Haig went out with a bang or a whimper. The end came Monday, after Mr. Reagan left the ranch for a two-day visit to Los Angeles.

Although Mr. Haig had resigned over a week earlier, he was still officially running things at State. On Monday, the President telephoned Mr. Haig in what some aides described as a "testy" conversation designed to nudge Mr. Haig into making his exit. But a senior official familiar with the conversation said that, in fact, Mr. Reagan merely thanked Mr. Haig for staying on through part of a transition period that will end as soon as George P. Shultz is confirmed as Mr. Haig's successor.

But the official acknowledged there may indeed have been some testiness earlier when Mr. Shultz, speaking for the President, informed Mr. Haig that his transition services were no longer needed.

While in Los Angeles, Mr. Reagan



President Reagan in Santa Monica, Calif. last week.

made a bit of news by labeling the flat-rate income tax a "very tempting" idea. And late in the week, his Administration finally and officially sent Congress an urban policy report. Many mayors hadn't been happy with an earlier draft; among other things, it said years of reliance on financial aid from Washington has transformed many city officials into "wily stalkers of Federal funds."

The final version, while less abrasive, wasn't likely to be any more well received by many city halls. The report still maintains that Federal aid had contributed to the decline of the nation's cities. Early this week, in a speech in Baltimore, Mr. Reagan is expected to unveil a revised "new federalism" plan that would give the states increased responsibilities for programs now administered or financed by Washington.

One of the bigger items on the President's California agenda last week was a birthday party for Mrs. Reagan on Tuesday. Was she 59, as the White House says, or 61, as some public documents suggest? White House Deputy Press Secretary Larry Speakes gallantly sidestepped the debate by saying Mrs. Reagan is a year older than she was last year.

—Howell Raines

Questions and Answers: The Savings Rate

Are Administration Tax Cuts as Good as Money in the Bank?

By KAREN W. ARENSON

To Reagan Administration economists, the savings rate holds the key to economic vitality. They attribute many of the economic troubles of the 1970's to underinvestment, which they say resulted from a personal savings rate that was simply too low. Many of the tax cuts approved by Congress last year were specifically aimed at reducing personal income taxes in the hope that savings would rise.

The strategy was underlined by President Reagan at his last news conference, when he talked of the importance of savings and of tax cuts, which he called "essential to lasting economic recovery." The July 1 tax cut, tax-deferred retirement accounts and "all-savers" certificates were all provisions in the 1981 tax law that the Administration hoped would boost the savings rate.

Other economists question this strategy. They say it is virtually impossible to change the savings rate for any lasting period, and that lower personal tax rates will not necessarily result in increased investment. The questions and answers that follow are an attempt to unravel some of the mysteries of the savings rate.

Question: What determines how much people save?

Answer: Savings has always proved something of a puzzle. Most economists, however, say that cultural factors seem to have a lot to do with personal savings habits. The savings rate in countries such as Japan and Germany, for example, tends to be much higher than in the United States.

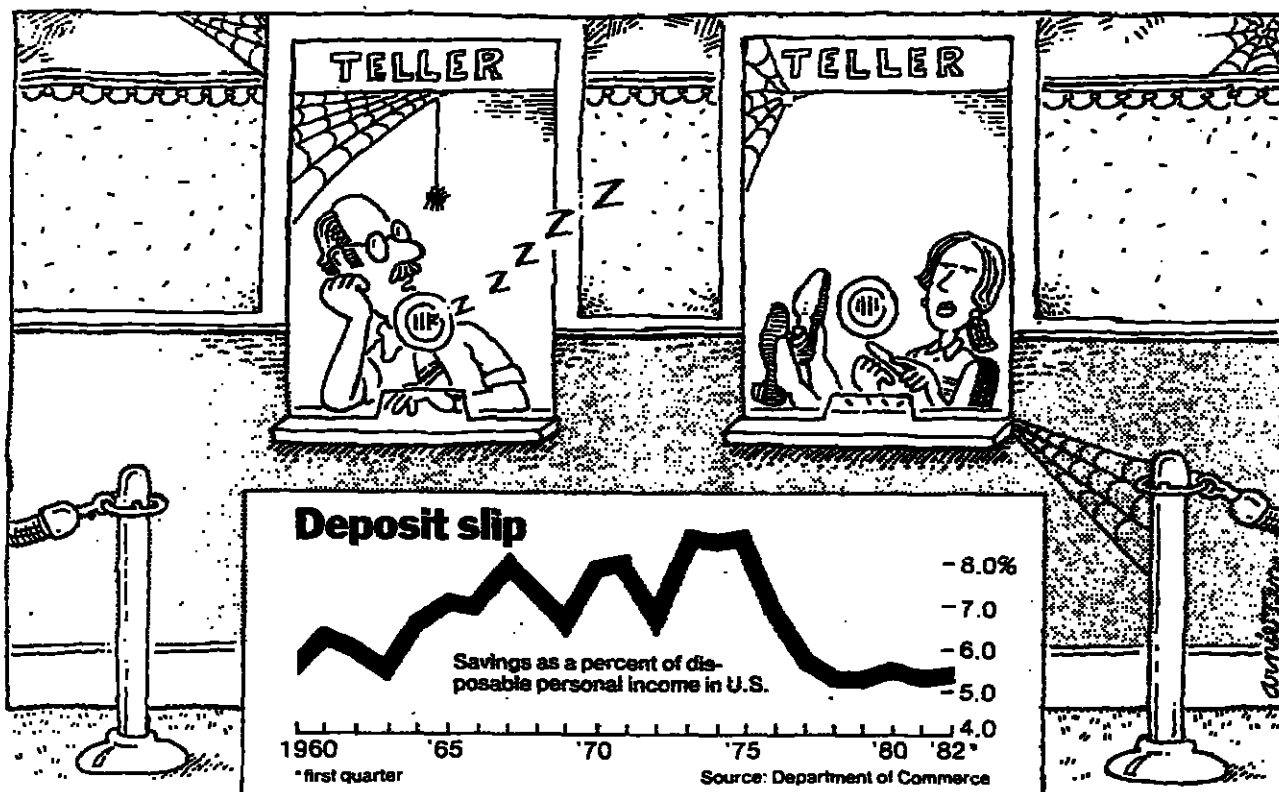
Other important factors that affect savings include wealth (the rich save a significantly higher portion of their take-home income than the poor) and age (people older than 45 save more than people under 45). Some economists also believe that higher rates of return encourage savings, but others say there is no hard evidence of this.

Q. How much do Americans save?

A. Historically, the personal savings rate has been remarkably constant, hovering around 6 or 6½ percent of disposable income — give or take about 1½ percentage points. Within that range, however, the rate shifts up and down quite a bit, month by month and quarter by quarter.

Q. Has the savings rate increased under President Reagan?

A. Not consistently. The Department of Commerce estimates that savings as a percentage of disposable personal income amounted to 5.2 percent in April, up from 4.6 percent in the first quarter of 1981 before the economy entered recession, but down from 6.1 percent in the fourth



quarter of last year and the 5.5 percent in the first quarter of this year.

Q. Is there any way to explain this pattern?

A. It is widely believed that people spend less — and save more — during a recession because of the general economic uncertainty or because they fear for their jobs. Economists say, however, that while some recessions have been marked by increased savings rates, others have not. They caution against reading too much into these numbers since they do tend to be rather erratic, and most do not see any consistent explanation for the recent savings rate.

Q. Is there any reason that the figures would not be reliable?

A. Savings rate figures are among the more suspect of Government statistics, since they are not measured di-

rectly. Rather, the Government subtracts personal spending from disposable income, and the result is called savings. Errors in the income statistic or spending translate into errors in savings as well.

Furthermore, some economists are concerned that since tax evasion causes large sums of income not to be reported to the Government, both the income data and the savings rate are greatly understated.

Q. What impact will the July 1 tax cut and the increase in social security benefits have on savings?

A. On a weekly basis, the tax cut and the increase in social security benefits will represent relatively small sums of money to individuals. But over the course of a year, they will add up to \$42 billion. If Americans spent 95 percent of this money and saved only 5 percent, that would represent an increase in savings of \$2.1 billion. (In

the first quarter, Americans saved at an annual rate of about \$115 billion.)

Most economists predict, however, that for a few months, at least, people are likely to save a much higher portion, perhaps about half. They look for this savings rate to trail off gradually as people become used to having the extra income, until it reaches the 5 or 6 percent savings rate that is more typical.

Q. First the Administration said it hoped that people would save large portions of their tax cuts. Now, Government officials are saying they hope people spend the money. Which is better?

A. A year ago, Administration officials were most concerned with raising investment, which they believed would occur if the savings rate increased. Now, because of the severity of the recession, they are more concerned about insuring that the economy recovers, which most economists agree is likely to happen faster if consumer spending picks up substantially. The issue now is whether spending will be strong enough to sustain an economic recovery.

Q. What will happen to investment?

A. Many Keynesian economists believe that if consumer spending picks up substantially and the economy revives, increased investment will eventually follow as companies strive to handle increased demand for their goods.

Q. Can investment rise if savings do not?

A. To economists, savings are always equivalent to investment, because whatever money is not spent is saved. Unless the money is hidden under a mattress, it becomes available for someone else to use. What is important to note is that this includes not just personal savings, but also savings by business and by Government. One reason many economists do not expect personal tax cuts to increase investment is that while personal savings may rise, the Government will be running a bigger deficit, which means it is saving less. Thus the total pool of savings may not change at all.

Q. How do business savings and Government savings compare to personal savings?

A. In the first quarter of 1982, measured in annualized rates, personal savings totaled \$115 billion, businesses saved \$32 billion, state and local governments saved \$36 billion and the Federal Government "disaved" — or went into debt — by \$124 billion. While the personal savings rate does not fluctuate widely, the savings rates of business and Government swing more freely with the business cycle.

Until a Year Ago, She Was a Relatively Obscure State Judge

The O'Connor Record Proves Surprising to Fans and Foes

By LINDA GREENHOUSE

WASHINGTON — Just before the Supreme Court began its end-of-term frenzy last month, Associate Justice Sandra Day O'Connor flew to California to give the commencement address at her alma mater, Stanford University.

It was a rather standard message of inspiration, except for one compelling image, a passage from the Talmud. "In every age," Justice O'Connor read from the ancient commentary, "there comes a time when leadership suddenly comes forth to meet the needs of the hour. And so there is no man who does not find his time, and there is no hour that does not have its leader."

Justice O'Connor did not link the passage directly to her own experience, but it was clear that the text she chose had a special personal resonance. In this particular age there came a time when, by broad national consensus, a woman was needed for the Supreme Court. And the hour came for Sandra O'Connor a year ago, when President Reagan went on national television and transformed a relatively obscure state judge into a figure for history.

On one level, Justice O'Connor's place in history was assured from that moment. But her role on the Court during her first term was considerably more than symbolic. Quickly forging a close alliance with the Court's two leading conservatives, Chief Justice Warren E. Burger and Associate Justice William H. Rehnquist, Justice O'Connor emerged as an impassioned advocate for the new federalism.

She also provided a needed vote for the majority on issues ranging from criminal law to Presidential immunity. She took part in 139 decisions and voted with Justice Rehnquist 123 times, an even closer alliance than that between Justice Rehnquist and Chief Justice Burger.

Given that record, it is almost startling to remember that the only sustained criticism of her nomination last summer came from the most conservative wing of the Republican Party. It was a measure of just how little known she was that the right wing was accusing Ronald Reagan of betrayal even as the liberals were breathing a collective sigh of relief at the nomination of someone who looked like a mainstream Republican.

But although both judgments now appear to have been fairly wide of the mark, there was also abundant evidence during her first term that Justice O'Connor does not fit quite so neatly into the conservative box, either. On matters such as freedom of information, sex discrimination and some more traditional civil rights issues, she demonstrated a perspective distinct from that of her usual allies.

Departures From Conservatism

These cross-currents emerge from a close look at her votes in the cases that tended to have some degree of ideological content — those that found Justice Rehnquist and the Court's senior liberal spokesman, Associate Justice William J. Brennan Jr., on opposite sides. Justice O'Connor voted in 66 such decisions, 51 times on Justice Rehnquist's side and 15 times on Justice Brennan's.

Two of those 15 votes came in sex discrimination cases. In one, she and Justice Brennan joined a 5-to-3 majority opinion by Associate Justice Harry A. Blackmun holding that a Federal law known as Title IX prohibits employment discrimination in educational institutions receiving Federal funds. Justice O'Connor herself wrote the other 5-to-4 majority opinion holding that a Mississippi state nursing school for women could not constitutionally refuse to admit male students. It was the Court's strongest recent articulation of the "heightened scrutiny" under which the government must justify sex discrimination.

Other examples came in the term's two cases affecting the economic interests of American Indians. An avid



Associate Justice Sandra Day O'Connor with Chief Justice Warren E. Burger.

student of the art and history of the Indians of the Southwest, Justice O'Connor voted both times with the majority in favor of the Indians' legal position.

Two more such cases involved freedom of information. She joined the majority in declaring unconstitutional a Massachusetts law that required a courtroom to be closed to the press and public during the testimony of the young victim of a sex crime. And she dissented from a decision holding that information compiled by the Federal Government for law enforcement purposes remains

exempt from disclosure even when the information is later used for other, non-exempt purposes. Ambiguity in the Freedom of Information Act should be resolved in favor of disclosure, she wrote.

Freshman Justices are not typically assigned landmark decisions, and Justice O'Connor's 13 opinions were by and large no exception. Most of the cases were fairly routine. She wrote five criminal law opinions, more than in any other category. The most important were her two opinions in habeas corpus cases, placing new procedural

barriers in the path of prisoners seeking to raise belated challenges in Federal court to the constitutionality of their convictions.

Justice O'Connor's opinions in two discrimination cases during the final week exemplified the contradictions of her first term. One was a statutory case involving the liability for back pay of an employer who discriminates on the basis of race or sex in violation of Title VII of the Civil Rights Act of 1964. The question was whether an employer, before judgment, can immunize itself against further liability by making a job offer to the plaintiff, even an inadequate offer that the plaintiff turns down.

The Justice Department, representing two women factory workers who had sued the Ford Motor Company, argued that an employer should not have such an easy way out of Title VII liability. The Court ruled for Ford, 6-to-3. Justice O'Connor's opinion, which stunned some Justice Department lawyers, was essentially an economic analysis of Title VII from the employer's point of view. It concluded that employers need incentives to hire people they once discriminated against, and that release from further back pay liability was such an incentive. That a plaintiff who rejected an inadequate offer might remain partially uncompensated, though eventually winning her lawsuit, did not particularly concern Justice O'Connor. "It is a fact of life that litigation is risky," she said.

Her opinion that a state-run nursing school cannot exclude male students stands in sharp contrast to the Title VII case. The issue was constitutional, not statutory, and Justice O'Connor this time looked at discrimination from the victims' point of view — not only the male applicant, but the women nursing students who themselves were being stereotyped by the admissions policy.

It was Justice O'Connor's final opinion of the term, her most important and, seemingly, her most personal. She even devoted a footnote to Myra Bradwell, the Illinois woman whose plea to be allowed to practice law was turned down by the Supreme Court 110 years ago.

Justice O'Connor simply quoted the Court's words about the "peculiar characteristics, destiny and mission of woman," and let them sit there like an uncovered corpse. The effect was slightly breathtaking. It was Sandra O'Connor's hour.

For Congress, Everything Is Stuck but the Clock

By MARTIN TOLCHIN

CONGRESS returns tomorrow from its July 4 recess with little time left for action on dozens of bills that once were thought to have a high priority. Budgetary issues are expected to continue to dominate Capitol Hill's agenda, to the consternation of the vast majority of members of the House and Senate who do not serve on the fiscal committees. Many feel that they have spent the last 18 months treading water. Conservatives are among the most aggrieved, for they had looked to this Congress, elected two years ago in the Reagan sweep, for action on social issues.

The 98th Congress, to be elected this fall, could very well give the Democrats a stronger hold on the House and weaken the conservatives' grip on the Senate. Some conservatives therefore consider the twilight days of the 97th Congress as their last, best chance to prevail on issues such as abortion and school busing. Consequently, they are scouting around for "must" legislation to which they can attach riders dealing with their pet concerns. That legislation is likely to be a measure needed to keep some Government agency in business.

Over the next few weeks, Congress will focus on a tax bill and a package of spending cuts that were mandated by the budget resolution; a number of appropriations bills; a balanced budget amendment; and, in September, after a two-week August recess, a new debt limit bill. Senate conservatives, dissatisfied from attaching abortion and busing amendments to the debt limit bill adopted last month, have vowed to try to attach them to the new debt limit extension.

Fiscal bills may also provide the vehicles for other legislation that disgruntled Congressmen had sought unsuccessfully to bring to the floor, only because those bills

may be the only game in town. "The President sets the legislative tone and agenda, and this President has chosen to concentrate almost exclusively on the budget process," said a House leadership aide.

There is other "must" business for Congress to dispose of before its planned adjournment Oct. 1. (Congress may be called into a special session, after the November elections, to enact legislation to assure the solvency of the Social Security system. Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, said that he would support such revisions if they received the bipartisan support of a study commission appointed by President Reagan and expected to issue its report late this year.)

At the top of the "must" list is Senate confirmation of George P. Shultz as Secretary of State. Mr. Shultz is expected to win quick approval. His hearing this week is expected to last only one day, four days less than the Foreign Relations Committee devoted to his predecessor, Alexander M. Haig Jr.

The House ethics committee, meanwhile, intends to move with dispatch to conclude an investigation of alleged sexual misconduct and drug use involving Capitol pages and members of Congress. House Democratic leaders fear that a lengthy inquiry would hurt their re-election prospects of House members. They also believe that there is scant evidence to support the sex charges and that the drug charges will focus on a small number of members.



Issues pending in Congress include immigration reforms. Above, a Haitian refugee at a detention camp in Miami.

organize the American Telephone & Telegraph Company, and the House Energy and Commerce committee has begun its bill-drafting session.

Nuclear waste legislation, approved by the Senate in April, has been reported by two House committees and stands an outside chance of becoming law, according to Congressional experts. The measure would establish a timetable for selection of storage sites for spent fuel.

The Economy

Foreign Money Goes to Wall Street

Top U.S. firms are benefiting from rich infusions of foreign capital. Both sides like it.

By LESLIE WAYNE

Foreign investors are pumping money into the heart of this nation's financial center in amounts never seen before.

A group of Arabs was so impressed with the way Smith Barney makes money — the "old fashioned" way — that it bought 25 percent of the old line Wall Street investment house.

Oppenheimer & Company, an investment banking firm known for its bold deal making, has struck a deal that eventually will put it in the hands of a British financial conglomerate.

Two major European investors have increased their stake in Warburg Paribas Becker-A.G. Becker Inc. and now own more than 50 percent of the New York securities firm.

The phenomenon, not entirely new, has intensified dramatically in recent months, and even in recent weeks. It is bringing fresh capital to a Wall Street where, many say, there is a crying need for it. And it is confirming what some believe is the inevitable internationalization not only of Wall Street, but of financial activities throughout the Western world.

In an earlier era or in better times, the proud habitués of Wall Street might have tried to stave off such an infusion of francs, dinars and pounds. But the American financial community is now suffering from the sting of recession and from confusion generated by major regulatory and competitive changes at home. As a result, its leaders are not worried about the internationalization under way. If anything, they applaud it.

"Business has been bad and a capital infusion, or shall I say, transfusion, would be welcome," said George T. Ball, the former Under Secretary of State who is now president of the E. F. Hutton Group. "The trend could be of concern only if carried to an extreme far beyond what it is approaching today. If there were total domination by non-U.S. owners that would be troublesome. But we're still light years away from that."

There's no way to know how much foreign money has actually landed on Wall Street. But several major instances are well documented. Since 1978, Compelrol Ltd., a Middle Eastern company controlled by Saudi Arabian businessmen, has steadily increased its stake in the American investment firm, the Donaldson, Lufkin & Jenrette Securities Corporation, to 24 percent. A Brussels-based financial holding company, Groupe Bruxelles Lambert, has, since 1978, owned a significant interest, now 35 percent, in Drexel Burnham Lambert Inc. And in 1978, First Boston Inc., the parent company of the First Boston Corporation, a venerable Wall Street firm, became one-third owned by a European-based holding company, Financière Crédit Suisse-First Boston. In turn, the holding company is one-third owned by New York's First Boston Inc.

The pace quickened in recent weeks, when Smith Barney, Harris Upham & Company — known for its ad campaign heralding itself as an old-fashioned firm — struck a deal with a group of Middle Eastern investors who now hold a quarter of its shares. Oppenheimer accepted a \$162.5 million takeover bid by Mercantile House Holdings P.L.C. of London. And two European banking groups that held a 25 percent stake in Warburg exercised their option to increase their holding to more than 50 percent.

For foreign investors, Wall Street is apparently a safe haven for their money — and an ample one. Though the American economy is shaky now and Wall Street uncertain, there seems to be faith abroad in the future. Moreover, for anyone with a predisposition to invest in America now, an investment in Wall Street itself offers a better return than an investment in steel or autos and is less risky than a plunge in Silicon Valley.

"You are seeing foreign investments in financial areas for the same reason you've seen foreign investments in other areas," said Felix G. Rohatyn, a partner in the investment firm of Lazard Frères. "The United States, more and more, looks like the largest market and the most stable political environment. The fact that there is foreign investment in finance is no more surprising than foreign investment in American industry."

Some foreign investors, particularly the Arabs, have more specific reasons to look to Wall Street. They want to have a stake in the firms that manage their money on these shores and, beyond that, they want some return on the commissions they pay such firms. The Arabs are also said to be particularly interested in gaining some control of privately held firms, like Smith Barney and Donaldson Lufkin, because of an aversion to the disclosure laws that bind public companies here.

"Arab investors are jittery about disclosure," explained David T. Mizrahi, editor of the New York-based "Middle East Report." "It's feared in the Arab mentality that an Arab wouldn't tell his father or brother what he is doing. They don't like the evil eye and disclosure means the U.S. is monitoring Arab investments."

For the Europeans, ownership of American investment firms is viewed as a marketing tool, one that enables them to offer the expertise of an American staff to European clients, scouting for investments here. Robert Henry, a partner at the accounting firm of Coopers & Lybrand, sees the rising tide of foreign investment on Wall Street as a precursor of more foreign investment in American business generally.

"We see a gradual trend among Europeans away from making portfolio investments in American securities to direct investments in bricks and mortar," said Mr. Henry. "If European banks are to sell their clients on the idea of investing in the United States, they need American expertise to identify projects and put deals together. These investments give them credentials vis-à-vis their clients."

The firms on the American end of the deals think the benefits will flow in both directions. For some firms, the goal is clear and simple. They need capital either to offset losses or to position themselves better for profits in the days ahead. Warburg, for instance, announced a \$2 million loss for the eight months ending June 30, just before its European shareholders increased their ownership to more than 50 percent. At Smith Barney the \$40 million Arab investment "vastly improves capitalization," explained Robert A. Powers, chairman. The money will push Smith Barney from its rank as the 21st-largest brokerage house to No. 15.

For a securities firm these days — or any day — capital is life blood. It enables a firm to inventory large amounts of securities, to bid on securities

Financiers
Robert A.
Powers, Felix
G. Rohatyn,
far right top,
and George L.
Ball, far right
bottom.



New Money in Old Houses

Smith Barney Harris Upham & Co. Incorporated

On July 1, the corporate parent of Smith Barney, the New York investment banking firm, announced it had sold 24.9 percent of its common stock to SBHU Holdings, a Middle Eastern group of 34 individual and corporate investors. The transaction is valued at \$40 million.

WARBURG PARIBAS BECKER A.G. BECKER

On July 1, S.G. Warburg & Company, a merchant bank in London, and Compagnie Financière de Paris et de Pays Bas, a Paris financial institution, announced they would increase their joint holding in Warburg Paribas Becker-A.G. Becker, to over 50 percent. The two European firms first bought a 40 percent stake in the New York investment house in 1974.

Oppenheimer & Co. Inc.

In May, Oppenheimer & Company, a New York based investment firm, agreed to sell virtually its entire operations — Oppenheimer Holdings Inc. — to Mercantile House Holdings of London, a leading currency broker. The purchase of Oppenheimer's brokerage, real estate and money management operations was valued at \$162.5 million.

Donaldson, Lufkin & Jenrette

In 1978, Compelrol Ltd., a joint partnership of the Qayan Investment Company of Saudi Arabia and Prince Khalid bin Abdulaziz Al Saud, notified the S.E.C. that it held more than 5 percent of Donaldson Lufkin stock. Now, Donaldson Lufkin, a New York brokerage and investment banking firm, estimates that Compelrol's holdings have risen to 24 percent, or 2,404,500 shares.

this consolidation is that foreign investors are taking larger and larger positions. Eventually, you will have fewer and bigger firms that are better able to compete on the scale of huge commercial banks and insurance companies in a deregulated financial services environment. Whether they can get huge enough is another question. I don't know. Slack Wall Street firms up against commercial banks and see how small they are."

But in the case of Oppenheimer — where the foreigners did not only buy a piece of the action but took it all — the motive was not to pile up capital. The 121 members of Oppenheimer's partnership clearly reaped personal rewards. Once the deal is completed, the partnership will receive cash and stock worth more than three times the book value of the firm.

"Those are extraordinarily attractive prices for the selling stockholders," said Samuel Hayes 3rd, Jacob Schiff Professor of Investment Banking at the Harvard Business School. "It's not surprising that many principals in investment banking firms, looking at the rapidly changing financial services industry, would grasp at the opportunity to bail out at 3-to-4-times book."

Stephen Robert, Oppenheimer's president, said the main rationale behind the takeover was something else: "Mercantile House is interested in increasing its presence in the U.S. and Oppenheimer is interested in increasing its presence around the world."

He explained that Oppenheimer, which has strength as a mutual fund manager, could now easily expand its money market management and equity fund business overseas. Meanwhile Mercantile, which is strong in the commodities business, could expand that business in this country.

"It doesn't make sense to open an office just to sell mutual funds, but if you offer something else too, then it does," said Mr. Robert. "You must consider the advantages of being associated with Mercantile, which has offices in 14 countries and has well developed local contacts. It's easier to achieve growth overseas."

Indeed, many bankers see their new foreign connections as a way to gain a foothold in overseas markets. Smith Barney's Mr. Powers said his firm will now establish a special Middle Eastern desk to attract new customers. "We've done business in that area and we'd like to do more," he said. "It could be stocks, bonds, real estate, any number of things. And it could be any Middle Eastern investor." He emphasized that Smith Barney hoped to expand its business in the Middle East far beyond the new direct investments.

Another way to gain a foothold overseas is for Wall Street firms to play the same game as the foreigners, only in reverse, by investing in financial institutions abroad. Indeed, in May, Merrill Lynch did just that. The nation's biggest broker decided to move more heavily into the Hong Kong market and acquired a 25 percent interest in Sun Hung Kai Securities Ltd. and a 15 percent interest in the affiliated Sun Hung Kai Bank.

Such ferment, whether in Hong Kong, New York or London, is, for many, confirmation of the increasingly global nature of the investment business. "The new money flowing into Wall Street will hasten the advent of truly international markets that would have developed anyway," said Hutton's George Ball. "U.S. companies are raising money in Japan, Germany and the U.S. interchangeably. They don't view national boundaries as being borders of any sort. They are looking for the best value regardless of nation of origin."

If his observations are correct, financial activity will continue to shift away from Wall Street and with it will go some of the influence that American financiers have enjoyed since the end of World War II. But that does not seem to worry some of those who have operated in the old era.

Nored Mr. Rohatyn: "More foreign investments will bring about an intellectual cross breeding that should create better understanding by some American managers about the total financial world we live in."

WEEK IN BUSINESS

Sales Decline Dims Recovery Prospects

The nation's largest retailers announced that sales were down in June, dashing hopes for a strong second-quarter recovery. Sears and K Mart reported sales declines of 1 and 1.2 percent, respectively, while other retailers, including J.C. Penney and Woolworth, reported slight gains. In another sign of sluggish consumer buying, sales of new cars by the Big Three domestic auto makers were down 17.5 percent in the final 10 days of June.

The Fed appears to have eased its short-term control of the money supply, but it apparently is sticking with its relatively tight monetary goals for the year, according to some market analysts. In the week ended June 30, the Fed said that the nation's money supply fell \$3.7 billion after a \$2.2 billion drop the week before.

Argentina devalued its peso as part of an economic recovery plan. José María Dagnino Pastore, the country's new economic minister, said the economy was "in a state of destruction without precedent."

A.&P. reported a fiscal first-quarter profit of \$8.5 million, its first quarterly profit in more than two years.

Iran's Stand on OPEC Policy

At the start of a stormy emergency meeting of the Organization of Petroleum Exporting Countries in Vienna, Seyyed Mohamed Gharazi (right), Iran's oil minister, warned that his country would not abide by the quota of 1.2 million barrels a day imposed on it under OPEC ceilings of last March. He demanded a higher quota, said Iran would raise production to 3 million barrels a day and proposed that Saudi Arabia cut its 7 billion barrel output "to make room in the market." Higher quotas were flatly opposed by the Saudis, Iraq and Venezuela. While the feud did not overshadow a breakthrough of OPEC, it raised prospects of plentiful supplies and eased prices.



Caterpillar said 2,000 employees would be laid off indefinitely in the wake of a second-quarter report showing a 93.9 percent drop in earnings to \$9.7 million from \$158.9 million in the similar 1981 quarter.

Republic Steel laid off 2,000 workers. Inland Steel announced a one-week furlough of 1,616 workers at its East Chicago, Ind., and Bethlehem said it was cutting salaries of office workers by 5 percent.

The Federal Home Loan Mortgage Corporation said it will not permit homeowners to take over the low-interest mortgages it holds.

Pabst recommended that shareholders accept a tender offer by Olympia for 49 percent of its shares to thwart the rival takeover attempt by a group headed by Irwin L. Jacobs.

Failure of the Penn Square Bank of Oklahoma City may cause large losses to other banks, possibly as much as \$240 million from the Continental Illinois, to whom Penn Square sold more than \$2 billion of loans it had made to oil and gas companies.

President Reagan termed a single-rate income tax "very tempting," and "worth looking into."

Diamond Shamrock signed a letter of intent to acquire Signor for \$160 million in cash and stock.

Consumer installment debt rose by \$1.4 billion in May, the largest monthly rise since last September. In May, the Fed said, consumers took on \$29.2 billion in new debt and paid off \$27.8 billion.

Brendan Jones

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JULY 9, 1982

(Consolidated)

Company	Sales	Last	Net Chg
GoldLev	3,468,300	27 1/2	+15 1/2
IBM	3,208,100	62 1/2	+ 2 1/2
ConEd	3,170,100	18 1/2	+ 4 1/2
Citicorp	2,886,400	23 1/2	+ 1 1/2
Texaco	2,775,400	28 1/2	+ 1 1/2
Exxon	2,572,600	26 1/2	+ 1 1/2
MLT	2,304,200	37 1/2	+ 1 1/2
MACOM	2,227,900	14 1/2	+ 1 1/2
Tandy	2,039,900	29 1/2	+ 2 1/2
ATT	2,027,900	51 1/2	+ 1 1/2
EsKod	1,941,500	73 1/2	+ 1 1/2
GMot	1,853,400	44 1/2	+ 1 1/2
SonyCo	1,811,300	12 1/2	+ 1 1/2
Danew	1,773,500	57 1/2	+ 1 1/2
DanaCo	1,675,800	25 1/2	+ 1 1/2

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
941	851	2,071	43	227
861	951	2,110	66	183

VOLUME

Total Sales	Last Week	Prev. Week
220,410,610	6,796,497,086	6,400,381,250

WEEK'S MARKET AVERAGES

High	Low	Last	Net Change
71.10	68.99	71.06	+0.76
54.12	52.18	53.32	+1.10
37.05	36.30	37.05	+0.39
61.82	59.32	61.05	-1.15
62.57	60.81	62.54	+0.35

New York Stock Exchange

Index	Last	Week	Year
Indust	71.10	68.99	71.06
Transp	54.12	52.18	53.32
Util	37.05	36.30	37.05
Finance	61.82	59.32	61.05
Composite	62.57	60.81	62.54

Standard & Poor's

400 Indust	122.7	117.5	121.7	+1.62
20 Transp	17.7	16.7	17.5	+0.38
40 Util	52.2	50.8	51.9	+0.41
40 Financial	12.2	11.4	11.9	-0.33
500 Stocks	109.6	106.1	108.8	+1.16

Dow Jones

30 Indust	818.5	787.3	814.1	+17.13
20 Transp	323.8	308.6	320.5	+5.99
15 Util	107.6	104.8	106.8	+0.65
65 Comb	318.9	309.5	316.7	+5.73

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JULY 9, 1982

(Consolidated)

Company	Sales	Last	Net Chg
DomeP	981,100	4 1/2	+ 1 1/2
WahPet	852,000	28 1/2	+ 1 1/2
ChmpH	814,500	34 1/2	+ 1 1/2
HouOr	346,200	3 1/2	+ 1 1/2
Cross	327,900	12 1/2	+ 1 1/2
TchSym	315,200	21 1/2	+ 1 1/2
ChfId	312,100	10 1/2	+ 1 1/2
OzarkAr	292,900	16 1/2	+ 1 1/2
BradNt	228,100	11 1/2	+ 1 1/2
BradNt	221,800	9 1/2	+ 1 1/2

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
327	293	377	899	16
293	408	902	20	74

VOLUME

Total Sales	Last Week	Prev. Week
15,312,510	545,040,270	545,040,270

BROADWAY 80

i'm glad I changed...

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVIL E. DRYFOOS, Publisher 1961-1963

ARTHUR OCHS SULZBERGER, Publisher

A. M. ROSENTHAL, Executive Editor
SEYMOUR TOWNSHIP, Managing Editor
ARTHUR GELB, Deputy Managing Editor
JAMES L. GREENFIELD, Assistant Managing Editor
LOUIS SILVERSTEIN, Assistant Managing Editor

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J. A. RIGGS JR., Sr. V.P., Operations
JOHN M. O'BRIEN, V.P., Controller
ELISE J. ROSS, V.P., Systems

Dear Menachem:

As I consider our joint predicament, and opportunity, in the Middle East, it occurs to me that the warmth of our meetings always seems to prevent clear discussion of cold realities. So instead of inviting you back to the White House so soon, let me set down plainly the policies I will now pursue.

Against our insistent counsel, you have plunged deep into Lebanon, much deeper than your immediate security required. The loss of life has been terrible. So is the loss of American credibility, in Israeli as well as Arab eyes. I aim to restore it by making clear our respect for legitimate Arab interests and our sense of responsibility for Israel's actions.

I do not deny that your strike north opened some promising political paths. The P.L.O. is isolated and disarmed. Your brilliant aerial defeat of Syria nullified Soviet power in the region. With the simultaneous collapse of Iraq in Iran, our friends in Egypt, Saudi Arabia and other moderate states gained new reason to cooperate, among themselves and with America. That is why we have stood by you in this excessive venture. But opportunities are a boon only if seized.

By the time you read this, we may have achieved the first of many disengagements to move you, Arafat and the Syrians out of Lebanon. But this Beirut end-game is trivial. I will not let American energies be ensnared by the feudal, probably irreparable, divisions of Lebanese society. If its leaders will not join to save their nationhood, they will just have to fight it out. Americans will not be their permanent policemen, and neither will Israelis who use American weapons.

Having removed the P.L.O.'s military threat, you have no further need to meddle in Lebanon. Your security interests reach, at most, 25 miles north; the final Israeli withdrawal from that line should depend on guarantees for your frontier, and nothing else.

But this costly war must yield more than improved security for the Golan. Precisely because you routed the P.L.O., we now have a chance, and duty, to confront the underlying problem of the Palestinians. Their nationalism, born with the creation of Israel, is a force apart from Soviet rockets and Marxist ideology. Yet unless satisfied at last, it will become ever more radical, threatening to America's Arab friends and burdensome for Israel.

The Palestinians deserve a homeland that, like Israel, will be a beacon to a scattered people even if it cannot absorb them all. The West Bank and Gaza are the only available foundation for that home, whether it is eventually independent, Jordanian or part of an Israeli-Jordan confederacy. That is why we always opposed your claims and settlements in those territories. Now that the Palestinians pose no conceivable security threat, we shall voice that opposition and begin dealing with Palestinians who favor coexistence.

My immediate goal will be the "full autonomy" that they were promised at Camp David. I shall define it as requiring genuine self-rule in local matters, truly free Palestinian politics and the withdrawal of Israeli forces to demarcated military outposts. I shall urge that the issues of sovereignty, borders, Jerusalem, Arab immigration and Jewish settlement in the territories be set aside, until Palestinians have chosen leaders to negotiate about them.

We obviously need consensus to proceed. I shall not hesitate to use our economic power to promote it. I have asked George Shultz to make this a priority project and am ready to enlist distinguished emissaries—Carter, Kissinger, Vance—in the effort.

My concern rests on a bedrock of support for Israel. I hope it will be favored with Israel's warm cooperation.

Your friend,
Ron

The Dartmouth Dodge

Like crafty tax lawyers who pry open new loopholes even as Congress closes others, private colleges are scrambling to stay ahead of Federal cuts in student aid. The newest example is Dartmouth, which recently persuaded a New Hampshire state agency to float a tax-exempt bond on its behalf. The proceeds are for student loans.

With a hundred other colleges reportedly set to follow suit, Congress better slam the door on this loophole quickly. It may be clever; it may even be superficially virtuous; but underneath, it is extravagant and unfair.

The Reagan Administration has been insisting, reasonably enough, on limiting Government-guaranteed loans to students who really need them. That has cut off many students whose families are far from comfortable. As a result, Dartmouth and other colleges have been groping for ways to help needy ineligible students. Hence the eagerness of college administrators to take advantage of their states' ability to borrow at tax-exempt rates.

In Dartmouth's case, the New Hampshire Higher Educational and Health Facilities Authority has issued a bond backed by the college's credit, not the state's. The college will use the proceeds for student loans. The interest is exempt from Federal taxation, creating an incentive for the bond buyer and an advantage to the student, who will pay only 12 percent, well below the market rate.

It sounds like everybody wins, but everybody does not. Other state and municipal borrowers lose. Any semblance of orderly government loses. And

most dramatically, the Treasury will lose. No private organizations, not even ones as worthy as Dartmouth and other colleges, have the right to appropriate such subsidy for themselves.

For every \$2 that student borrowers will save in interest, Uncle Sam will give up about \$3 in revenue. The Treasury thus underwrites the cheap interest rates just as surely as it underwrites the below-market rates on Government-backed loans. If borrowing for this purpose grows, the cost of state and local government borrowing for all other routine business inevitably will rise.

Also, private borrowing leaves to state and college officials the crucial decisions about who benefits from taxpayer subsidies. Although Dartmouth intends to use the \$12 million it raised only for needy students whom Uncle Sam turns down, state and college officials could hand out cheap loans according to any standard they wish.

The nation was badly burned by a similar evasion, tax-exempt housing bonds. Eager to please homebuilders and middle-class constituents, states issued billions in such bonds. When Congress finally called a halt last year, the revenue loss to the Treasury had reached \$2 billion a year and threatened to top \$12 billion by 1984.

The issue is not whether to underwrite student loans but how to do so sensibly. Apportioning subsidies directly enables the Federal Government to decide who deserves Federal help. Giving subsidies through the back door is the wrong way; Congress ought to slam it.

Topics

Esthetic Choices

Pointed Question

"What would New York be without the Dior?" asks an advertisement planned for the French clothing manufacturer. The answer—"New-ark."

The ad gives the New Jersey city the dubious honor of a place on the list of American cities that suddenly become fair game for ridicule. Oakland, California, for example, was so immortalized by Gertrude Stein, who said, "When you get there, there isn't any there there."

The comic Rich Little helped put Cleveland on the list by joking at President Reagan's inauguration gala about the misery of his being stuck there in a snowstorm. Philadelphia perhaps is the oldest entry, thanks to W.C. Fields's suggestion that, on the whole, he would rather be there than in his grave.

Lane Kirkland, the president of the A.F.L.-C.I.O., angered Hoboken's mayor by saying, "Everything outside the A.F.L.-C.I.O. is Hoboken." But Hoboken is definitely on the list, as a nationally accepted metaphor for nowhere.

What all the jokes overlook, however, is that most of the cities on the list have in recent years proven through redevelopment of business and neighborhoods that they no longer deserve to be ridiculed. That's what Newark is doing, too, and it doesn't need any help from the Diors.

Old Allies

At the Government level, British-U.S. relations may be strained, but in the July fields an old Anglo-American ally has been blossoming profusely. England's daisy and America's wild rose embroider the landscape with a dappled pattern of white and pink.

The daisy, which came over from England with the colonists, is as appealing a flower as grows anywhere. But for plain loveliness, it can't hold a candle to a stamen to the all-American pasture (or Carolina) rose.

Its oval buds, packed in tight and shapely clusters, open into five deep red petals, which turn imperceptibly into the happiest possible pink. Bleached by the sun, they fade into a delicately tinted white. When the

petals fall, they leave bunches of rose hips that put ruddy splashes on the somber autumn scene.

Daisy and rose, old allies, are as companionable in the vase as the field. But they retain their own attitudes to the world. Where the daisy yields politely to gatherers, the rose fights them off with the prickliest of stems. It is better left alone to exercise the peculiar power that roses have—more than most flowers—to touch the heart.

Air Waves

It probably is too much to expect New York City authorities to emulate the civilized ways of their British counterparts by banning radios from public parks and then enforcing the rule.

Yet the precedent of banning cigarette smoking in certain public places suggests the following modest proposal: Set aside a fenced-in territory for radio cacophony in each park, at a decent distance from the majority who prefer the gentler voices of nature's ancient air waves.

Letters

Brookhaven's High-Energy Isabelle Is a 'Good Bet'

To the Editor:

The editorial of June 24 concerning the funding of the Brookhaven particle accelerator, Isabelle, was grossly unfair. It begins and ends with cheap shots—characterizing the United States high-energy physics community as greedy and self-serving.

Hidden among bits of innuendo and clever jibes are references to facts which, if developed, would completely change the tone of the editorial:

• It was a committee of high-energy physicists that decided (after vigorous debate throughout the national community) to hold up on funding Isabelle until the magnet problems were solved. They have now been solved.

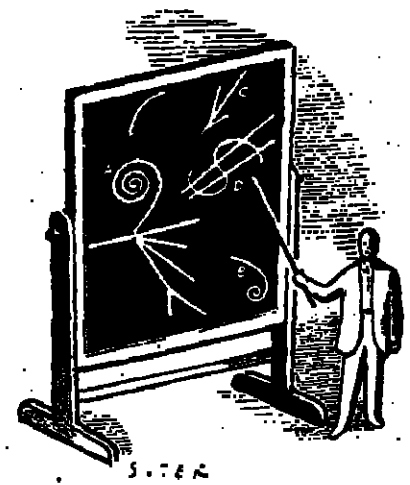
• Superconducting magnets are necessary for both Brookhaven and Fermilab because conventional magnets are too expensive to use. American accelerators are idle half of each year because of high power costs.

• The editorial suggested fuller American participation at the European Organization for Nuclear Research (CERN) as an alternative to upgrading American laboratories. CERN is supported by 13 European governments. Should the U.S. send its bright young physicists there for a free ride? The CERN program is successful because its budget is healthy and CERN is willing to invest in innovative techniques (e.g., antiproton storage).

• Over the past 25 years, 16 out of the 18 Nobel prizes in high energy physics were won by Americans. This success was in part the result of the

willingness of our Government to support basic research. The prizes were awarded to individuals for work based on the efforts of thousands of physicists, engineers and technicians.

It is in everyone's interest to get the best physics possible for each taxpayer dollar spent. The hundreds of phys-



cists and engineers at Brookhaven and associated university groups have proposed a route. Decisions will be made, as you say, within the highly competitive and cost-conscious American high-energy physics community.

WILLIAM J. FICKINGER
D. KEITH ROBINSON
Cleveland, June 28, 1982

The writers are professors of physics at Case Western Reserve University.

Take the Sea Law Route to Help World Stability

To the Editor:

At a time when citizens of the world are becoming justifiably more alarmed that the warfare in the Middle East or Latin America may escalate into world conflict and threaten us all with the ultimate nightmare of nuclear annihilation, it is especially important for the United States to play the role of a steady and reliable supporter of the rule of law and order on the international scene.

We were therefore dismayed when the United States forced the United Nations Law of the Seas Treaty to a vote this past spring, and then voted against it in the face of its overwhelming support by other nations.

For many, it is one more proof of the unstable and quixotic course of current American foreign policy. We hope very much that the Administration, when it announces its position

late this month, will indicate clearly its support for comprehensive ocean law and will seek all opportunities to negotiate changes it thinks are critical when the conference convenes again in September.

To become a partner to the treaty will help overcome the reputation for arrogance and isolation that the United States has been developing. It will prevent a situation where U.S. mining companies risk operating outside of international law, or going abroad to make their underwater explorations—certainly not the intention of this business-oriented Administration. And it will be, much more importantly, a contribution toward world peace and stability at a troubled and dangerous time.

ASIA A. BENNETT
Executive Secretary
American Friends Service Committee
Philadelphia, June 15, 1982

In Judging Israel's Action, Get Lebanon's Realities Straight

To the Editor:

Your July 1 editorial "Judging Israel" contains misconceptions that may leave readers with a distorted view of Lebanese and Middle Eastern realities. A reply is required.

You cite "the slaughter of civilians by which the P.L.O. and Syria took over" Lebanon. This implies that Syria and the P.L.O. acted in concert. In fact, as the reporting of your correspondent made clear at the time, Syria's first brutal intervention in Lebanon was on the side of the Maronite Christian right against the P.L.O. and its mainly Moslem Lebanese allies. Why this happened is beyond the scope of this letter. Suffice it to say that it indicates a different and more complex reality than you suggest.

To offer a closer measure of that reality, let me add that for the first half year of Lebanon's civil war, the mainline P.L.O. under Arafat tried to keep out of the fighting between Maronite rightists and Moslem leftists.

The P.L.O. was drawn in when, in the words of a Times report on Jan. 26, 1976, a "blockade the rightists have imposed on two Palestinian refugee camps . . . provoked all-out battles be-

tween Moslems and Christians, led to the involvement of Palestinian guerrillas and brought in . . . the Syrians. It was after the tide had turned too strongly against the Maronites that the Syrians turned on the Palestinians, whose civilians were slaughtered in droves.

These facts weaken the answer implied by your question, "Why should Israelis believe that what the P.L.O. was allowed to do to Lebanon was not also its program for Israel?" The P.L.O. neither tried, nor did Syria and the Maronite Phalange allow it, to do much to Lebanon; it had to fight both of them to maintain an independent base in that country. To many Lebanese and to Israel, such a base was intolerable; but that is a far less cataclysmic point than the one your rhetorical question seeks to make.

"Why," you also ask, "is it wrong for Israel to fight to restore a once friendly Christian power in Lebanon?" It is wrong because Lebanon, which has a Moslem majority, though Maronite refusal since the 1930's to allow a census keeps the fact unofficial, can only survive on the basis of equitable Christian-Moslem power-sharing. Excessive

To the Editor:

The June 24 editorial "The Trouble With Isabelle" is troubling in its own right. Its premise seems to be that American scientists in general and high-energy physicists in particular are in a winner-take-all competition with their European brethren, and that the only reason the American Government supports basic research is for the glory of Americans winning Nobel prizes. Nothing could be further from the truth.

I am certain that American physicists take pride in their discoveries, covet their prizes and enjoy beating competitors to the punch. However, our country has much more at stake in supporting basic research than discovering exotic atomic particles.

We are a scientifically advanced society that has become increasingly dependent on developing new technologies to maintain our high standard of living, to provide a favorable foreign trade balance and to create employment opportunities for our present and future generations.

Although I am not a scientist, I recognize that one important factor in the development of new technologies is basic research. Within the last three decades, basic physics has led to the development of the transistor, the laser and such sophisticated computer applications as CAT scanning.

With productivity in decline, today more than ever we must increase our basic research efforts, for it is the impetus of such research that often brings a commercialization of new technology to fruition.

Isabelle deserves the full support of the Federal Government within the bounds of fiscal responsibility. It is true that reliance on superconducting magnets has slowed the project and may lead to a "European victory" in the search for the atomic "bosons," but the potential payoff for our nation in achieving leadership in a new area of technology may be worth the loss. Basic research is a gamble and discoveries usually cannot be predicted.

To suggest that Americans ought to go back to Europe to pursue their scientific goals is turning the clock back more than 40 years. World War II was a tragic chapter in the history of mankind, but it provided America with the opportunity to lead the world in science and technology. Let us not concede this leadership. A \$10-million investment in Isabelle at this time seems like a good bet to me!

CHRISTOPHER DODD
U.S. Senator from Connecticut
Washington, July 1, 1982

A Writer's Paradise?

To the Editor:

As the Falklands tragedy ends, Great Britain again has the islands on its hands, plus the question of what to do with them. Aldous Huxley gave a hint at an answer 50 years ago in his novel, "Brave New World."

The novel depicts a technocratic, hedonistic utopia set in the future. Like every utopia, it has its misfits and nonconformists, of whom it disposes by exiling them to islands.

In one scene, the Resident World Controller for Europe tells a writer, Helmholtz Watson, that he must send him to an island. He likes the young man and thus offers him a choice.

"By the way, Mr. Watson, would you like a tropical climate? The Marquesas, for example, or Samoa? Or something rather more bracing?"

"Helmholtz rose from his pneumatic chair. 'I should like a thoroughly bad climate,' he answered. 'I believe one would write better if the climate were bad. If there were a lot of wind and storms, for example. . . .'"

"The Controller nodded his approbation. 'I like your spirit, Mr. Watson. I like it very much indeed. As much as I officially disapprove of it.' He smiled. 'What about the Falkland Islands?'"

"Yes, I think that will do," Helmholtz answered."

FRANCIS CANAVAN
Bronx, June 16, 1982

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Argentina's 'Severely Diluted National Character'

To the Editor:

It appears that Argentina's malaise ("Argentina Ungoverned Again," editorial June 19) could be deeply rooted in a severely diluted national character.

In the 30 years prior to World War I, there was a massive immigration of 2.5 million Europeans; over half of these people were Italian. The Argentine population in 1869 was 1.8 million.

Although this heavy inflow has continued in recent decades, a large number of resident aliens never applied for citizenship and have tended to regard themselves as something else first and Argentine second. This pattern has been noted by the writer, Jorge Luis Borges, and many non-Argentine observers as well.

Lord Bryce came to the conclusion in 1912 that the Argentine people "have ceased to be Spaniards without becoming something new of their own. They seem to be a nation in the making, not yet made."

John Gunther observantly noted

during the 1960's that Argentina "for all of its basic wealth, prestige, intense national pride and degree of civilization . . . gives a sense not merely of lack of direction but of outright loss. National purpose, faith and a sense of mission seem to have disappeared."

When the Peronists returned to power in Argentina in 1973, they called on all sectors of the populace to join in a social pact (Acta del Compromiso Nacional) to make the sacrifices required for the commonweal.

But by mid-1974, greedy self-interest had prevailed over the common good and the pact was in a shambles due to these "sacrifices."

Businessmen resorted to widespread black-market activities and used double bookkeeping systems to circumvent the price freeze and the tax collectors. And the powerful trade unions obtained large periodic wage increases amid a deep recession and soaring inflation.

ELLIOT A. MARCUS
Lawrence, Mass., June 22, 1982



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WASHINGTON

Shultz
To the
Rescue?

By James Reston

George Shultz will be the sixth U.S. Secretary of State in the last 10 years. (The Soviet Union has had only one in the last 25 years.) Mr. Shultz will be confirmed during another Middle East conflict, an East-West crisis over trade and nuclear arms control and at the beginning of a national Congressional election, but he will be welcomed by the Congress, the allies and the Soviets for a variety of reasons.

For there is general agreement, both at home and abroad, and even within the Reagan camp, that the conduct of American foreign policy under the Reagan-Haig-Clark-Weinberger team was full of personal tension and policy disputes and needed a good steady relief pitcher at State for the last innings of the Reagan Administration.

George Shultz may add a sense of history and even a sense of humor to the Reagan Administration, both badly needed. Unlike Henry Kissinger, he brings no enemies to the job. Nobody's mad at him. Unlike Al Haig, he talks softly in plain language and is beyond political ambition.

More important, as a trained economist and former head of the Budget, Labor and Treasury Departments, he understands the vital influence of economic and financial policy on foreign affairs, and doubts the value of using trade sanctions as a club to influence the policies of other countries.

This may foreshadow some conflict for Mr. Shultz with the right wing of the Republican Party and even from influential members of the Reagan Cabinet, who believe that "the clear and present danger" to the Republic is the military buildup of the Soviet Union, rather than the disarray of the free world's economy, with its alarming unemployment and interest rates.

No doubt the Senate will want to question Mr. Shultz about what he thinks of President Reagan's decisions to order American companies or their European licensees not to provide modern technology for the Soviet Union's gas pipeline to Western Europe, and whether this is legal or helpful to U.S. relations with the European allies or Moscow.

And also whether it is in America's national interest to provide modern military weapons to Taiwan at the risk of harming trade and political relations with the Chinese Communist Government in Peking.

All this will not be easy for Mr. Shultz, for he will have to "understand" what the Reagan Administration has done in the past in El Salvador, on the pipeline, in Lebanon, on the P.L.O., on Israel's policies in the West Bank and Gaza and on Menachem Begin's invasion of Beirut, without insisting that he would support such policies in the future.

The Senate will undoubtedly be sympathetic to Mr. Shultz's dilemma and confirm him in a hurry, for few observers have much confidence in the way foreign policy has been defined or administered by the Reagan team in Washington. Many in both parties would welcome any change, particularly with the help of a man who has the confidence of the White House, who, himself, has confidence in the Foreign Service, which is probably the best in the world, and a man who has been holding things together while Mr. Reagan is trying to sort things out.

The question is whether President Reagan and his White House team will give George Shultz the authority, which they denied Alexander Haig, to formulate and administer foreign policy in the long-range interests of the United States; or whether the foreign policy amateurs in the White House will second-guess him for short-term political, ideological or personal reasons.

This we don't know. We don't even know whether Mr. Shultz asked for the ground-rules before he took the job. Probably not, for that's not his style. But once he is confirmed, and the November election is over, President Reagan will probably have his summit meeting with President Brezhnev. There then may be a year for Mr. Shultz to influence foreign policy before the 1984 Presidential election struggle starts at the beginning of 1983.

Mr. Shultz will have some trouble with the supporters of Israel, who wonder about his Bechtel commercial connections to Saudi Arabia. "If I have any difference with Reagan," Mr. Shultz said in an interview in 1980, "it's about Middle East policy." But most people who have known him well over the years, count on his character and not his connections. Otherwise George Shultz would undoubtedly have stayed home.

"I met no one in public life," former Secretary of State Henry Kissinger wrote about Mr. Shultz in "Years of Upheaval," "for whom I developed greater respect and affection. If I could choose one American to whom I would entrust the nation's fate in a crisis it would be George Shultz."

Of course, excluding himself. Henry Kissinger was sure Ronald Reagan would get into serious trouble in the world, which he did, and that maybe Mr. Reagan would call on him to repair the damage, which Mr. Reagan didn't. But failing that, the President's choice of George Shultz is regarded by most everybody else as a good choice in a bad situation.

There is a 10-year-old Lebanese story about an old man in a poor southern Lebanese village close to the Israeli border. He walked into the countryside behind his village one day and suggested to the Palestinian fighters camped on the hill, "Listen, tomorrow please fire three rockets into our village!" When the Palestinian leader asked why, the old man answered, "Well, every day you fire three rockets into Israel, they fire back 15 rockets on our village — so tomorrow please do us a favor!"

The Lebanese have survived a lot throughout history, but I am afraid they are not going to survive the friendship of the United States Government.

War and destruction are not new to the Lebanese. Virtually every major conqueror in ancient history passed through the country and many — Ramses II, Nebuchadnezzar, Alexander, Caracalla — left inscriptions at the Dog River, 10 miles north of Beirut. Even Napoleon understood the importance of making one's mark in Lebanon. Tyre was an island until Alexander filled the sea and destroyed it — and it has been destroyed several times since, as have all the cities of the Lebanese coast. Defense Minister Ariel Sharon can put his marble plaque at the Dog River and the people of Lebanon will rebuild once again.

And now Washington, too, may become actively involved. The United States is one of the most fair-minded countries ever to become a major world power. Many Americans care deeply about suffering and have given generously to help people in need in the rest of the world. Many are shocked by the idea that their Government bears some responsibility for the killing in Lebanon, both this month and in the last 10 years.

But to understand the United States' relations with Lebanon we must go back to 1948, when Washington officially decided to support the establishment of the state of Israel. But did it in fact decide?

In my view, successive United States Governments have, in the last 34 years, pursued a seesaw Middle East policy. While the Arabs think we always support Israel, Jerusalem does not really trust Washington — and there is ample evidence to justify both views.

If we could convince the Israelis that

Lebanon Has Too Many 'Friends'

By Phlebas

we will not allow them to be destroyed, perhaps the Israeli Government would be more reasonable in its relations with others in the region. Instead, United States policy has led to a cycle of violence. We arm the Israelis to the teeth. A crisis occurs and they attack the Arabs. But then the seesaw in Washington begins to tip back to oil and Saudi Arabia and what America perceives to be its interests in the Arab world. Washington puts pressure on the Israelis. They are not allowed to win, and instead the United States imposes a "settlement" designed to minimize its embarrassment and that of its "moderate" Arab friends. After a year or so, the cycle starts again, the seesaw tips back, the arms and aid flow — leading to another war and another tip of the seesaw!

The Lebanese part of this sad story

U. S. policy
in the Middle East
has seesawed
for 34 years

starts in the early 1970's, when King Hussein of Jordan turned the Palestine Liberation Organization out of Jordan. In response, President Gamal Abdel Nasser of Egypt, who had tremendous influence among Lebanese Moslems, pressed the Lebanese Army to sign an agreement with the P.L.O., ceding a small part of southern Lebanon for P.L.O. operations against Israel.

Israel did not challenge this arrangement because the Lebanese had friends in the United States and Europe who wanted to protect them. If Lebanon had been a leftist country without friends; if it had not been a half-Christian country, a pro-Western country with a highly educated and Westernized Moslem middle class; if Lebanon had been another Syria, then certainly by 1971 or 1972 the Israelis

would have marched in and cleared out the area they called Farahland. There would have been a Security Council meeting and United Nations troops and the Lebanese border would have become like the Syrian and Jordanian borders — closed to the P.L.O.

Instead, Washington restrained Israel, implicitly allowing the bloodshed described in the old Lebanese man's story. P.L.O. attacks against Israel were followed by only "limited" Israeli retaliation — limited by Lebanon's powerful friends. The sufferers were the Shiite Moslem villagers of southern Lebanon. But that was acceptable to other Arabs — the Shiites are the forgotten people of the Arab world. Thousands left their villages in southern Lebanon and swelled the slum areas around Beirut. The P.L.O. continued to grow and prosper in Beirut and the south, compounding Lebanon's own divisions, and the P.L.O. presence that King Hussein could not accept in Jordan was forced on the Lebanese. Lebanon and the Lebanese Government crumbled in 1975-76, and the P.L.O. ended up with effective control of a large part of southern Lebanon.

The Israeli attack came at last in 1978, when, in retaliation for P.L.O. attacks, Israeli troops went as far as the Litani River. And again the seesaw in Washington swung quickly. Before Prime Minister Menachem Begin could get to Washington, Secretary of State Cyrus R. Vance cast a vote in the Security Council calling for Israeli withdrawal from Lebanon — and kissed the Lebanese Ambassador on both cheeks. Lebanon's friends forced Israel to withdraw, but there were no solutions and no settlement — just an ineffectual United Nations presence.

Soon the P.L.O. was back in southern Lebanon. Violent deaths became commonplace again. The P.L.O. and Israel resumed their limited fighting — limited once again by America's ambivalence and its restraint of Israel. But this time the fighting was much more violent because both sides had better arms. The Israelis almost invaded again last summer — but

Lebanon's friends sent a special negotiator, Philip C. Habib.

Now the Israelis have invaded again, and again Washington has been seasawing back and forth, at first tacitly acquiescing in the invasion, then stepping in to restrain Israel. Alexander M. Haig Jr. was one of the casualties this time — and Yasir Arafat thinks King Fahd appointed his successor. Now 1,600 United States marines may be on their way to Lebanon, but nothing indicates that Washington has resolved the ambivalence at the heart of its Middle East policy. As it is, the United States Government has not allowed the Israelis to win, nor has it allowed them to learn about the inherent limitations to their power. Are we repeating the mistakes of 1978? Will there be another Israeli invasion of Lebanon in 1982?

Let the P.L.O.
be a problem
for someone else
for a change

Lebanon's powerful friends should recognize that it is not an important country. It could easily disappear without affecting any strategic balance. Only two countries' vital interests are affected by what happens in Lebanon — Israel and Syria. The Saudis perceive incorrectly that they have vital interests in Lebanon; and neither the United States nor the Soviet Union has strategic interests there.

The Lebanese should plead with the United States to leave them alone. Recall Mr. Habib, do not let him participate in the destruction of his father's country. Send all the friends of the Arab world in the State Department on a good long summer vacation. Save the marines for conflicts where the United States' real strategic interests are at stake. Perhaps it is too late now

to expect such restraint in Washington. But why can the United States not let the Israelis, the Syrians and the Lebanese face and solve their own problems?

If the United States is determined to intervene, the most useful thing it could do is ensure that the P.L.O. withdraws. A partial withdrawal or compromise agreement will almost inevitably breed trouble — as the Nasser agreement did. What is the worst that can happen if the United States then withdraws? Certainly, there will be some kind of settlement. The Israelis have the power now, but they cannot afford to sit in Lebanon forever. I do not think they are stupid enough to force a right-wing Christian government on Lebanon. Certainly, it would not last. We might even be surprised to see Israel and Syria negotiating by the end of the summer, and by late September there might be real peace in Lebanon. Unlike the P.L.O., neither Israel nor Syria wants a continuing war, and if the P.L.O. leaves Lebanon, there will be no more "limited" fighting there. Even the worst possible outcome — that Lebanon would be divided between Israel and Syria — would be better than the Lebanon of the last few years. Who would not prefer to live in the West Bank than in Beirut of the last year?

Indeed, some Israelis have already begun to consider other solutions in Lebanon, and Shimon Peres, the Labor Party leader, has visited the leftist Druse leader, Walid Jumblatt, in his home. While the Arab world, including Jordan, with a population that is 70 percent Palestinian, was silent last month, 50,000 Israelis — the proportional equivalent of 3.5 million Americans — demonstrated against the war.

But what about the Palestinians? Most Lebanese can no longer face the question. The old man would say: "We have suffered enough. We have nothing more to give. Let the Saudis take the P.L.O. in or the Jordanians or whoever in the Arab world. Perhaps they will become terrorists. Fine, but that is not my problem — that is an American problem, a German problem, a European problem. Enough!"

Phlebas — this is a pseudonym used to protect relatives in Lebanon, where he was born — is a professor at a leading university in the United States.



Andrew J. Duda/Smith

Look Out,
N.Y.!!
Bottleneck
Is Coming

By Neal Shine

controversy frequently accuse each other of exaggeration, absolute truth probably lies somewhere in that area between the trenches. But undisputed is the reality of how returnables have changed us.

For example, the time was when it was not considered neighborly in Detroit and its suburbs to carry home with you the unused portion of whatever it was you brought to a party where the invitation specified "B.Y.O.B." Among other things, the poisonously unpleasant gossip reserved for those who violated this pre-

cept simply wasn't worth the two or three swallows left in the Gallo bottle.

Now it is not unusual for a couple leaving a party to divide their responsibilities. "You get the coats, honey. I'll round up the empties."

At a reasonably fashionable outing in Detroit this summer I spotted a nattily dressed partygoer with five empties in his Stroh's six-pack container diligently searching for the sixth. His friend was helping him.

It appears that we have taken comfortable refuge behind that fine line that separates penny pincher and environmentalist.

Now you may get the initial impression from all this that the next step in the process involves an enthusiastic stampede by the consumers to turn in these containers and reclaim the deposit. Close, but no stampede.

What happens next is called storage. Have a yard sale if you must, but get rid of all that stuff that's been cluttering your basements and your garages all these years because, despite your best intentions, you're going to need the room for empties.

Three months after Michigan's bottle law went into effect, a leading Detroit bottler of soft drinks estimated

that Detroiters were holding on to 200,000 cases of empty soda bottles, and the company was buying 240,000 new half-liter bottles a week to maintain production schedules.

Where were the missing bottles? Stacked with architectural precision in basements, old coal bins, garages and utility sheds in conformations so inventive that the Collier brothers would have canceled their newspaper subscriptions over the shame of it all.

There are, goodness knows, no lack of entrepreneurs, most of them young, who will, for a percentage of the deposit, pick up your bottles and cans and turn them in for you.

But the prevailing philosophy here seems to be: "Why should I take a loss on these babies when I've got all this storage space?"

The law has even changed the way I look at certain milestones in my life.

When the last of my six children departs for college in September, I will find myself facing two emotional crises — the empty-nest syndrome and the loss of the kid whose job it was to take back the empties.

Neal Shine is senior managing editor of The Detroit Free Press.

DETROIT — The last notes of the Detroit Symphony Orchestra concert drifted beyond the trees of Meadowbrook in the gentle hills of Oakland County, north of the city.

The lights came up and the concertgoers on the hillside began to roll their blankets and prepare to head for the parking lot. In the crowd, a young man turned to the man behind him and said, "Excuse me, but I think that's my bottle." The second man looked at the empty beer bottle in his hand and replied, "No, I don't think so."

While the original claimant waited patiently, the man with the bottle opened his cooler, counted his empties and, with suitable apology, turned the bottle over to his fellow concertgoer.

The key to this episode was the message on the label of the bottle: "State of Michigan. Return for 10¢ Refund."

So be prepared, New Yorkers, for a real, albeit subtle, change in the way you live. Governor Carey's signature on a bill requiring a 5-cent deposit on soda and beer containers in New York State is more than a legislative milestone. The bill will leave its mark on your culture and your life style.

Depending on who is involved in the

conversation, the Michigan return deposit law for bottles and cans containing beer and carbonated soft drinks is either an environmental triumph or an economic travesty.

Conservation clubs, environmentalists and governmental agencies responsible for collecting trash like it. Bottlers, beer and soft-drink distributors, supermarket owners and other retailers who sell beer and soda don't.

The latter say the law has resulted in higher prices for the beverages and is bad for business.

Two months after the Michigan law went into effect in December 1978, Detroit reported that its garbage tonnage was down 28 percent. But in the same two months, trade association sources said, beer and soft-drink prices increased 10 to 20 percent.

Last year, the Michigan Department of Natural Resources estimated that the ban on throwaway bottles and cans had eliminated 600,000 tons of solid waste each year since the law took effect. But a grocery industry study estimated the cost of handling used bottles and cans at 2.3 cents per container, with 45 billion containers sold each year in Michigan.

Since both sides of the bottle law

amounting to something special, the urge to be one up on foreigners, that the nations of the world still seem to need. It would be too unreal, too escapist if two teams of 11 men representing the hopes of their compatriots all behaved like angels. Their fallible humanity serves a purpose and the more it can be achieved on the football field, the less dangerous the world could become.

The disputes in Madrid ran through much of the list on the U.N. agenda. France was enraged because a Kuwaiti sheik illegally descended on the field, robes flowing imperiously, to argue with a Russian referee about a goal the French team had just scored. The referee changed his mind and disallowed the point. There was a lot of talk about the persuasive power of petrodollars and how the Soviets meddled among the Arabs.

That's the way it is. But the French went on to score again, beating Kuwait 4-1. Satisfaction was gained. The outcome, if not the method, was accepted and nothing was blown up.

The match with the most sensitive implications was Poland-Soviet Union, which the organizers managed to put off for a couple of rounds. But it was unavoidable, as the Poles keep finding at

FOREIGN AFFAIRS

A Ball
Instead
Of a Gun

By Flora Lewis

home. Having beaten Peru and Belgium, a match that peacefully broke up what could have turned into a violent demonstration in Poznan because everybody hurried home from commemorating the anniversary of the 1956 riots to watch TV, Poland had to face the Soviets.

In Warsaw, people were saying there would be an invasion if the Soviets lost, and insurrection if the Poles lost, and just more of the glowering standoff if the teams tied without a goal. It did turn out to be a nothing-to-nothing game, about

where things still stand in Poland, but with a compensating hope. Because of previous wins, the draw advanced Poland and eliminated the Soviet team.

The Soviets had some consolation in the performance of their star from Kiev, Oleg Blokhin, who won much applause. There were reports that Moscow then offered to sell him off for \$25 million. That did appear to support White House arguments that the Kremlin is getting desperate for hard cash, but there was no need to impose yet another embargo. There were no takers at the price.

The World Cup even found a way to honor losers without the humiliation that breeds a demand for revenge.

Algeria, which fielded a remarkable team cheered so ecstatically by the nation that women shed their veils to celebrate victories in the streets of Algiers, was squeezed out of the semifinals by a dubious scoreless draw between West Germany and Austria. It was a lackadaisical effort and suspicions were widely voiced that the German speakers had agreed on a fix.

The Algerian trainer declared with both humor and dignity that he had to feel honored that two top European teams deigned to collaborate to eliminate Algeria.

Spain, the host, fared poorly. Sponsors were distressed that a combination of greedy scalpers, hanky-panky that's likely to provoke local scandals for years as details ooze out, and the home team's pallid showing, which discouraged attendance, left a big deficit.

A Spanish newspaper, now that there's democracy, dared to suggest that a series of highly questionable field decisions represented an attempt to make up for the players' failings. "The referees were the Spanish team's best forwards," it said.

So the World Cup didn't interrupt the world's habits. It just provided another, unarmed arena that people could watch with unrestrained emotion, finding identity with neighbors and nations, discovering heroes and villains and waving the flag. The Greeks used to settle conflicts that way, by lone contest that decided victor and vanquished without multiplying widows, orphans and maimed survivors.

It's an idea worth pursuing. Some people protest that politics really mustn't be allowed to intrude on sports. The other way around might be better, insisting that national clashes take place on the sports fields. And let the best team win, until the next match.

Arts & Leisure

Secrecy Shrouds a 'Star Wars' Sequel

By AUDIE BOCK

A CRESCENT CITY, Calif. If the locals in this tiny (population 2,500) timber and fishing community know is that for some reason, a surprising number of strangers have moved into their midst, filling some of the motels and restaurants that would otherwise be empty in the worst recession since World War II. But until now, the inhabitants of this northernmost California town, where the official unemployment rate has topped 28 percent, have had no inkling of who the strangers are or why they are there. They have not known that practically in their own backyard, a \$32.5 million film has been in production and that roughly \$2 million of this amount is being spent right here on location, much of it on local salaries, food, lodging, transportation and materials.

"The Revenge of the Jedi" — the cause and center of this mystery — is the closing episode of the second trilogy in the increasingly mythical nine-part "Star Wars" saga. For its 37-year-old producer-creator, George Lucas, whose "Star Wars," "The Empire Strikes Back," and "Raiders of the Lost Ark" have been all-time box-office hits, "Jedi" promises to be yet another record-breaker.

For some aspiring filmmakers, the movie might pose a temptation. "Star Wars" has been one of the most imitated films of recent years. And "Jedi" has many surprises to guard.

There is nothing along the spectacular coastline leading to the production site to suggest the proximity of a film unit. A narrow dirt road turns inland from the highway toward what looks like an uninhabited farmhouse. But just on the other side, the signs of secrecy begin. A guard near a gate stands checking every vehicle that attempts to cross a one-lane bridge leading to a steep old logging road. The road then winds up to a clearing — and to a landscape where nature reverts to all its primal mystery. On the hillside, overlooking the cobalt Pacific in the distance, stands a hidden grove of the majestic virgin redwoods, 200 to 300 feet high and sometimes more than 20 feet in diameter, that once covered the entire California coast.

In the saga of "Star Wars," these awe-inspiring natural gardens represent yet another new world, the green moon of Endor, a lush undeveloped planet which is used as a dump by the evil, polluting Empire and which holds the secret of entirely new beings. The secrecy here then serves a three-fold purpose: It protects the precious trees that have no counterparts anywhere else on this earth; it protects the cast and crew from the well-meaning hindrance of fans and gawkers; and it preserves the secret of the new beings that will emerge in the third episode of the "Star Wars" saga.

For just as "The Empire Strikes Back" startled Luke Skywalker and his audience with the amazing appearance and character of Yoda, the teacher of Jedi knights on the planet Dagobah, Endor's green moon harbors a race of wondrous creatures who figure prominently in the drama of revenge that will take shape in the third part of the trilogy. (And more than this I cannot tell.)

Since "Jedi" is not scheduled to be released until May 27, 1983, (each of these technologically complex episodes takes three years from script to screen), the precautions taken by the filmmakers against discovery of the Endor's secrets have been elaborate. On the site, signs bearing solemn ad-

monitions abound: "The entire company — cast and crew alike — should be aware that the SET IS CLOSED. No visitors! No husbands, wives, children or friends. . . ." Industry publications have listed the film as shooting in London (which it didn't) and Germany (which it didn't), with no mention of the earlier Yuma, Ariz. location or of this spot a stone's throw from the Oregon border. The T-shirts worn by the actors and crew have the title "Blue Harvest," emblazoned on them, with "horror beyond imagination" inscribed underneath. Even the daily call sheets are designed to deceive. Mark Hamill, the innocent but indestructible Luke Skywalker, appears disguised as "Martin"; and Carrie Fisher, who plays the unsullied Princess with a mission, Leia Organa, becomes "Caroline"; and Harrison Ford, the dashing adventurer Han Solo, is labeled by his childhood nickname, "Harry."

Six years have already gone by in real time since the beginning of "Star Wars," and post-production on the latest installment will require another full year. Although "Jedi" is directed by the British director Richard Marquand (with Alan Hume as director of photography), George Lucas, the creator and executive producer of this

Mr. Lucas became a man driven by love. 'I knew I had to finish this film,' he said.

vastly complex filmic fable and director of the first episode, is ever-present on the "Jedi" set. Mr. Lucas has done all he can to accelerate the process of filming.

Mr. Lucas has said that directing the first "Star Wars" nearly killed him, and when it was over, he announced that he would never again take directorial responsibility. But when he turned over the direction of "The Empire Strikes Back" to his trusted friend Irvin Kershner, he underwent a different kind of pain as producer of the second episode. "Empire" went 10 weeks over time and over budget," he said. "It was excruciating. I couldn't afford to go through that again. A movie company operates on the split second, like a football game. If you are not there when the decision has to be made, you lose the moment. Soon those moments add up to hours, days, weeks."

Still, the slight, bearded Mr. Lucas, whose incipient gray hairs have increased during the course of "Star Wars," admits that the process of bringing his visions of mythical galaxies, worlds and cultures to the screen exhausts him. "I'm not having fun. I smile a lot because if I don't everyone gets depressed. But I'd rather be home in bed watching television. I'm only doing this because I started it and now I have to finish it. The next trilogy will be all someone else's vision."

But in this trilogy the vision is his and only he has the keys to what happens next. The "Star Wars" fable, or dream, has so far unfolded as a deceptively simple tale of good guys against bad guys. With the exception of Yoda, the teacher of the way of the Jedi, and Lando Calrissian (Billy Dee Wil-



Richard Marquand, above, is directing "The Revenge of the Jedi," the latest installment in the "Star Wars" saga, on location in California redwood country. "It's the myth of the 70's and 80's."

But it is Richard Marquand, a relative newcomer to the saga whose previous feature film was "The Eye of the Needle," who articulates perhaps the most important reason why the experience of "Star Wars" has been so compelling both for audiences and those involved in the making of it. "Star Wars," says Mr. Marquand simply, is "the most exciting and grandiose film of all time. It's the myth of the 70's and the 80's, just as the Beatles were the myth of the 60's and early 70's."

The saga's latest installment promises breathtaking battles with previously unknown paraphernalia, exciting new creatures, terrifying twists of plot and fulfilling development of character — something Mr. Marquand as director describes as "unusual in films today." Following on the heels of Irvin Kershner and Mr. Lucas himself, Mr. Marquand recognizes he has much to live up to in directing "Jedi," but he accepted the challenge before he ever saw a script, because of his faith in the material and the people who were to work with him.

Despite sandstorms in the Arizona desert and dense fog confounding the lighting by receding abruptly to brilliant sunshine in northern California, Mr. Marquand has trooped through the four months' shoot with a lusty determination. "Films are too expensive now to wait for ideal conditions," he says. "You've just got to do it. But I have the rare advantage of having the creator of the myth right here to answer all my questions about background detail. It's like having George Bernard Shaw standing behind you while you direct one of his plays."

Audie Bock's most recent publication is a translation of the Japanese film director Akira Kurosawa's memoirs, "Something Like an Autobiography" (Alfred A. Knopf).

liams), who plays an even greater role of friend in need in the third episode, all the major characters appeared in the first episode. Luke and Leia found each other through her sprightly emissary, the diminutive "Droid" robot R2D2 (sometimes Kenny Baker), and the golden, loquacious, human sized robot C-3PO (Anthony Daniels). While the malevolent imperial forces of the fallen Jedi knight Darth Vader (David Prowse) destroyed Luke's guardian aunt and uncle, the young man's valorous efforts to rescue the Princess and aid her in reestablishing Jedi rule have been guided by the voice of Jedi knight Obi-Wan Kenobi (Alec Guinness), possibly from beyond the grave.

But the ending of the second episode left many threads untied, such as whether or not Luke will complete the interrupted training he began with Yoda (Frank Oz) and become a full-fledged Jedi master of "the force." Yet such concerns are minor compared to the crucial issue: Can and will Luke destroy the evil monster who has claimed to be his own father, Darth Vader? Is Obi-Wan Kenobi dead? Can Luke's cynical ally Han Solo be revived after lying frozen in a block of carbon? Could he possibly be the "other" potential Jedi knight Yoda has hinted exists? If so, will he and Leia settle down to a quiet life of ruling a restored Jedi empire, and what would become of lonely Luke?

Mr. Lucas acknowledges that he has tried to have other writers do "The Empire" and "Jedi" screenplays, but each time he ended up contributing two drafts of his own. "Jedi" screenwriting credit goes to Lawrence Kasdan, the director/writer of "Body Heat." Not directing makes the process "infinitely easier," Mr. Lucas says, but as producer he is still dismayed to find that "no matter how much I think everybody knows everything about 'Star Wars' now, they don't. I've given Richard the answers to a million questions over the last year, filled everybody in on everything I can think of, and yet when we get here the crew comes up with a thousand questions a day — I'm not exaggerating — that only I can answer. 'Can these creatures do this or can't they?' or 'What was the culture behind this artifact and how does it fit in with others we're going to use but haven't seen yet?' I'm the only one that knows where we're going and where we've been."

If the activity is so burdensome, one cannot help wondering why he continues to engage in it, even in the producer's role, especially since he believes that the final interpretation is "half the director and half the actor. You can't direct over someone's shoulder. Each person has his own talents and feelings." Mr. Lucas's original intention was to "do the first one and then be a real mercenary and turn it over to someone like Fox and take a big percentage of the gross. I'd sit back and go to the movies and see them when they were done." But his plan backfired.

"When the time came for me to turn it over," Mr. Lucas confesses, "I'd fallen in love with it. It's like mar-

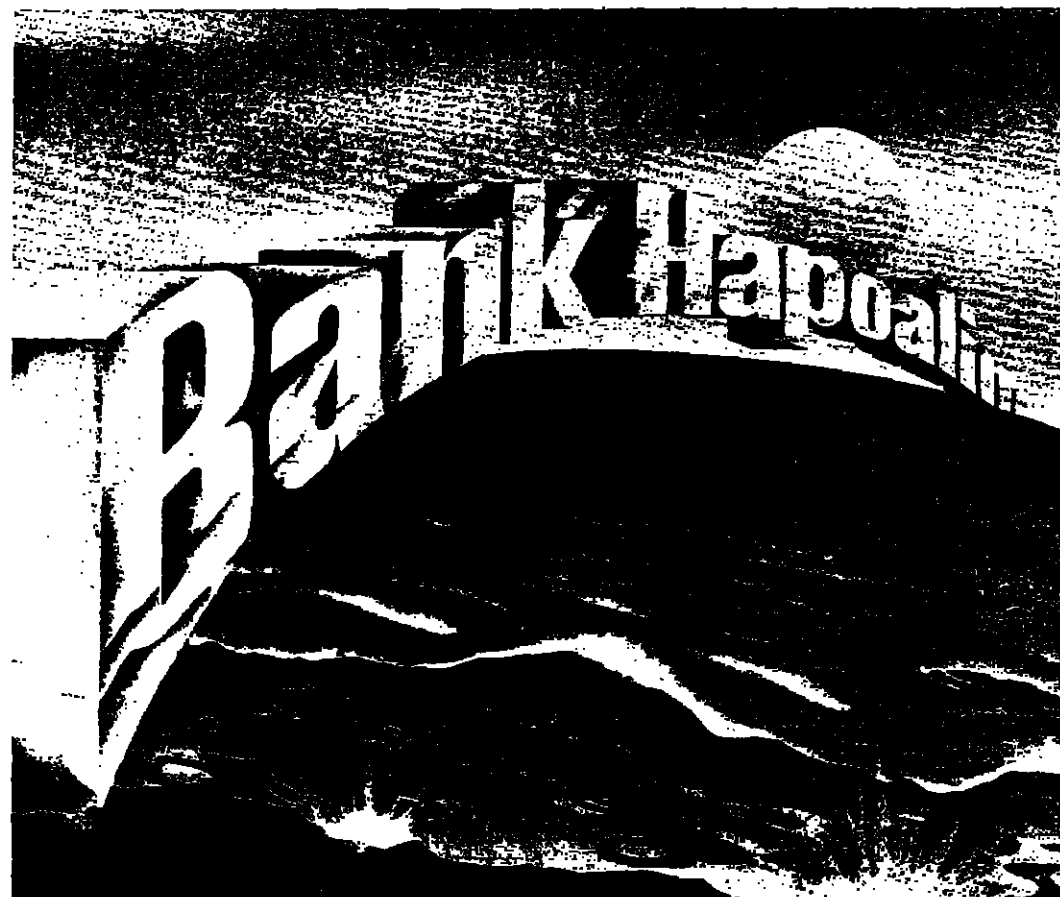
riage. You know what they say about women, 'You can't live with them and you can't live without them.' That's how this movie is. I want these three films to have a unity because it's one story. I knew I had to be here to keep the look of it consistent, the art direction consistent, the technology consistent." So in spite of all the agony, much of which derives from his perfectionism and the failure of any film he has done to live up to his own conception of it, Mr. Lucas became a man driven by love. "I knew I had to finish this particular film, working with these particular actors for the last time."

The actors have their own wistfulness and occasional love-hate feelings about what will be nearly a decade of their lives invested in the "Star Wars" saga. "I was a teen-ager, 15-years-old, when I first appeared as Princess Leia," recalls Carrie Fisher. "So 'Star Wars' is like home movies for my family. I grew up doing this." She has regretted that the Princess must be so serious about her mission, and that she is the only woman in the story. "The Princess never gets to go shopping or talk girl talk," she laments, "but she's sweeter in this last episode. I've been a space testy soldier, so single-minded I'm nearly mean, for the last six years. And now I'm so nice and feminine it's almost confusing." But the ideals have not diminished with the softening of her character, and Miss Fisher feels that the lofty morality and purposeful atti-

tude of the "Star Wars" protagonists dealing with external threats and obstacles "offers a good alternative to the movies that are all about young people having a bad life, torn T-shirts and lots of internal problems."

Harrison Ford, who finds himself in a unique position with the producer of "Star Wars" because he is also the star in the continuing "Raiders of the Lost Ark" trilogy, sums up his feelings about the film with the dry succinctness one might expect from Han Solo. "I'm well satisfied with what the character has become and the way his usefulness has been completed, because this story is really the adventures of Luke Skywalker. Han Solo is a plum role because he's the most contemporary voice in the film, but he defines himself only by his relationship to Luke and Leia. It's no secret that Luke is a kind of alter-ego for George Lucas, and that's what's philosophically important in this story."

For Mark Hamill, the alter-ego himself, the Luke Skywalker image has been so overwhelming that Mr. Hamill has found it shadowing him off the screen, and he is anxious to get on to new projects and stage work, where "I won't have to wait a year-and-a-half to get the audience reaction. It will be immediate." Still, he says, "the feeling on this one has been very close to the old days when no one ever heard of 'Star Wars,' because Harrison and Carrie and I have worked more on the set together, and we know it's the end."



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Silver Rarities Hold Their Own

The ups and downs in the price of silver bullion have as much to do with the value of antique silver as today's price of lumber does with the value of Chippendale furniture," said Jacques Koopman, the Dutch-born dealer.

Mr. Koopman, of E. & C. T. Koopman & Son, Ltd., knows what he's talking about. One month ago he paid \$390,000 plus a 10 percent buyer's fee to Christie's in New York for a pair of silver gilt tureens by Jean-Baptiste-Claude Odier — the most expensive silver ever sold at auction in the United States. The gilded vessels were among 13 offerings from the collection of the late C. Ruxton Love, an art collector and connoisseur of the decorative arts, 10 of which were purchased by Mr. Koopman in the dispersal on June 14.

And the sale, which set a record of \$1.6 million for a silver auction in the United States, occurred when silver as a metal was selling for less than \$10 an ounce, down from \$50 an ounce, the

peak price for silver that was established in January 1980.

Mr. Koopman is not alone in his thinking that antique sterling wares must be dissociated from the trading prices of the metal. Interviewed in his London shop on the main floor above the London Silver Vaults, 33 Chancery Lane, a complex housing the shops of 35 dealers, Mr. Koopman said he is certain that the reports two years ago of fine antique silver wares being sold and destroyed for their melt values were greatly exaggerated.

Most of his colleagues at this address share this view. Most also remarked that the record prices paid for the silver rarities in the Love collection would have little or no effect on the prices for more conventional antique silver offerings. Moderate-priced and lesser silver wares have definitely suffered a decline in prices and demand, all attributed to the world-wide recession.

Each of the dealers in the silver vaults, which occupy two floors below



One of a pair of silver-gilt tureens which brought a record price at Christie's

street level, offers a different mix of antique, second-hand and modern sterling and silver-plated wares. It has become one of the more popular tourist attractions in London, a space its tenants sometimes refer to as "Aladdin's Cave."

GRANDFATHERS AT WAR

Special to The Jerusalem Post

"WHAT ON EARTH are a bunch of 50-year-old grandfathers doing running around in Lebanon chasing terrorists?" asks a journalist during a visit to Hagi (Civil Defence) bases at the front.

"What are they doing?" retorts a 19-year-old sergeant in the engineers' corps. "Each of them is doing the work of two men, every single one of them."

Hagi is usually charged with taking care of security needs on the home-front — a far cry from the kind of duties these men are doing. But in this war, Hagi bases were already being established in Southern Lebanon just 36 hours after the front-line troops had fought their battles there.

Tal-Atuf Arye Bero, commander of Hagi's forces in the north, showed journalists the newly established camps. And, indeed, they looked new. Some, in fact, still on the ground, but there were neatly constructed showers and latrines and a soccer court, all made in the last three weeks.

For the most part, the Hagi soldiers were sent in to work together with the corps of engineers, building roads, clearing paths and generally keeping an eye on the security of the civilian population. This they have done and continue to do.

THE AREA is still infested with small bands of terrorists, and while the men of Hagi may be getting on, most are veterans of past Israeli-Arab wars. Many were combat soldiers and a large number have received special training as sappers.



Hagi troops check out a tractor before it is started up.

(IDF Spokesman)

As a result, they aren't men to falter if they spot signs of terrorists in the area. "Do you really think we're going to stand aside and yell for help?" smiled one veteran, farmer/soldier.

Nissim, one of the soldiers serving in the unit, has a personal reason for his fervor. He is waiting to get a chance to visit his two sisters in Beirut. Nissim came to Israel in 1956, at the time of the civil war, and his two sisters remained in Beirut.

"My elder sister used to go abroad every two years," said Nissim. "She would telephone us from Europe, so we knew they were all right. In the last few years, this hasn't been possible, so I want to go to see them."

In the meantime, Nissim has

taken an active part in the capture of the more than 20 terrorists brought in by the Hagi forces. Wasn't he afraid to go after them? Nissim laughs. "No, I'm not afraid. It's a good feeling. I have two sons in combat units and grandchildren at home. I feel like I can say I did something, too."

HAGA HAS suffered no casualties in Lebanon, either from enemy action, traffic accidents or work accidents. This is due largely to the careful attention and obedience to security orders. No tractor is started in the morning without having been checked out by the sappers, no man works without the protective clothing prescribed for the job, and, in the end, the older men are more careful about speed limits and traffic laws.

Rav Seren Avihu says the level of motivation was generally very high among Hagi units and that they enjoyed the opportunity for active service. And he had high praise for the men because they work well with the local inhabitants.

"It's a delicate situation," says Avihu, "the population is mixed. There are terrorists who have thrown away their uniforms, and there are terrorists still in uniform and in hiding. And there are just plain villagers who have nothing to do with these organizations."

Once again he stresses that these mature men were extra-careful about making sure just who is who. "The local population is cooperative," he says. "They know that our war is not with them and that it is to their advantage that we free the area of terrorists."

Happily bored

LISTENING IN...Ze'ev Schut

alls were compounded by Camille Chamoun, even then a doddering old man, who wanted, in contradiction to Lebanese law, another six-year-term as president.

Then there was the growing faction of Nasserite Moslems who wanted a closer, more direct relationship with Egypt, which at that time was leaning heavily towards the Soviet Union, a fact that pleased the Americans not at all.

But that wasn't all. What really bothered Washington was not at all a coup in Iraq, which had destroyed the pro-Western defence alliance. The trouble was that the Marines never did go on to Baghdad. Which was what the landing of 12,000 Marines was all about. For Lebanon

itself, 1,000 — then as now — would have sufficed.

On the same programme some time later, *Davar's* editor-in-chief, Hana Zemer, *dafka* turned southwards with a few words of praise (and, perhaps, an indirect analogy pertinent to the situation up north) for Egypt.

The peace treaty between Egypt and Israel had stood up to the wear-and-tear of the new realities. Sceptics had earlier claimed that the treaty with Egypt would last no longer than Sadat. They were wrong.

They had said that Egypt would show Israel its sunny side only as long as Israel retained parts of Sinai; that once all of Sinai was returned, we would see a quite different face. Wrong again.

Finally, the pessimists argued that even if the Camp David agreements lasted for some time, they would never survive a conflict between Israel and any Arab country — and they were proven wrong a third time. Nice going.

I still belong in the camp of the pessimists, especially in so far as the Lebanese are concerned. Crafty Phoenician sons of Phoenicians, they are just about the smartest dealers I know — and they know better than any other people on which side their bread is buttered.

With the IDF still in their country and having had their independence restored to them (or about to be restored) all their prime minister could think of last week (Radio Beirut) was to call us a bunch of cheats and liars. (In connection with the cutting off of water and electricity supplies to West Beirut).

Even if this were true, there are certain niceties to be observed. I still have to see the healthy young boys of the Phalangist Christians spill one drop of their blood

alongside the IDF.

An old buddy, called to the colours in spite of his dentures, bald pate and seven grandchildren put it to me this way:

"We've cleaned up their stable for them. Now we get our reward: A couple of baskets of manure..."

I COULDN'T help recalling the true story of a Yekke called Friedrich Bienstock back in the good old days in the Galilee moshava where I was raised. Friedrich got fed up tending endless rows of tomatoes and, studiously looking at a pile just left by a ploughing horse, had a brainwave. He went to the Trans-Jordanian frontier police commander in near-by Sammak and offered to clean out his stables for him — free of charge.

Friedrich Bienstock became (by the standards of those times) a millionaire in less than five years — underselling even the Druse suppliers of goat pellet manure.

I don't know whether there is any moral to this story. Friedrich Bienstock was last heard of in New York where, so it was said, he had bought himself a sizeable chunk of stock in one of the major artificial fertilizer complexes. His Israeli wife, meanwhile, had exchanged her old name of Rochelle for Rosalinde.

EHUD MANOR is back on the Second Programme. ("In a Minor Key" — 1405-1555 hrs. weekdays). He is as good as ever, except for his choice of the "Song of the Week." This week it was very weak.

ANOTHER REVIVAL was Yitzhak Golan's weekly press conference — following the 4 p.m. news.

The guest was Economics Minister Ya'acov Meridor. The interviewers couldn't resist a question on where matters now stood with the minister's energy-saving device.

Meridor did not so much as bat a vocal chord. He informed us that he intended to double his investment by the injection of another cask \$300,000 — *american* — which even he did not consider chickenfeed.

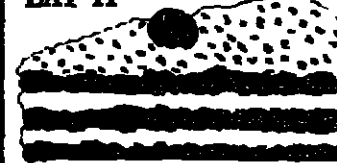
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THE INSIDE TRACK

A perceptive guide to shopping and services in Jerusalem

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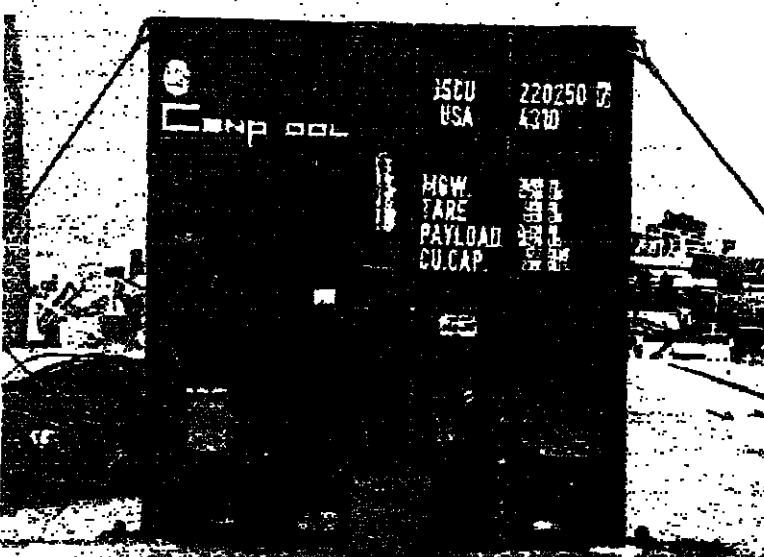
Tel Aviv — Mann Auditorium
Tue., July 13, 1982, 7.15 p.m., 9.55 p.m.
Wed., July 14, 1982, 7.15 p.m., 9.55 p.m.
Tickets: Hadran, 50 Ibn Gabirol, Tel Aviv, Tel. 248787 and other agencies. Organisation discounts, Tel. 248844
Special credit car service, 15% off for payment by Discount Bank cheque (only at Hadran).
Jerusalem — Sultan's Pool
Mon., July 12, 1982, 9.00 p.m.
Tickets: Kham, Chelva, Ben-Naim, Jerusalem Theatre and Jerusalem Culture Dept., 2 Rehov Hayal Adam, Tel. 225211

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Stopping thefts from containers at sea



Steel block welded in place prevents doors from being pried open.

Jerusalem Post Reporter
HAIFA. — A simple and inexpensive device that prevents thefts from containers aboard ships has been developed by an employee of Zim's cargo insurance department.

Israel Nino noticed that the company often had to pay compensation for goods stolen from steel containers whose seals and doors were broken open at sea. The burgled containers were always those on the outside of the decks, because those on the inside facing the ship's superstructure are tightly stacked against the wall to save space. Nino

proposed to have steel blocks welded to the decks at regular intervals and to have the containers placed so that the doors faced these blocks. Thus the container cannot be opened until it is lifted above the level of the block, an operation that can be carried out only at the unloading port, and not while the ship is at sea.

As a result of the new device, breaking-in of containers aboard Zim ships has stopped, compensation bills have shrunk and other shipping companies are imitating the device.

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ISRAEL DISCOUNT BANK

Cla Centre, Jerusalem

By JOSEPH MORGENSTERN

TEL AVIV. — Despite the intermittent flareup of fighting in Beirut the general optimism about a settlement of the war was enough to fuel a smart rally yesterday. A total of 62 issues advanced by 5% or better. Of these issues four were "buyers only." Volume exceeded the 1540-M. mark; evidence that more and more investors are entering the market.

Index-linked bonds were above

average, though gains mostly were limited to about one per cent.

Insurance issues were moderately higher, but Hadar 5.0 was clipped for a full 10% loss.

The service group was extremely strong. Dan 1.0 was up by nearly 10%. The Dan 5.0 shares were 3.5 per cent higher. Lighterage was

strong and picked up 8.7%. Consortium was ahead by 6.6%.

Land development and real equities fully participated in the

strong market. Caesarea 0.5 rose by 6.8%.

Industrials were the best sector of yesterday's action. Elco 0.25 was up by a hefty 10.3%, as Argaman 9 (r) was climbing by 9.5%.

Goldfrost 1.0, a major recent winner, was hit by profit-taking and backtracked by 10.1%. Ziklik 1.0 continued its win-

ing ways and advanced by 10%. The Troasbest group continued in favour, the 1.0 shares were 6.7% higher, while the 5.0 stock was up by 10%. The attendant options advanced by nearly 11%.

The strong market action extended to the investment company sector. Piryon reached a year's high at an even 1,600. Incoba, Elgar, and Unico all came through with 10% gains.

Political optimism helps shares

Tel Aviv Stock Exchange

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Tammuz 21, 5742 • Ramadan 20, 1402

In Lebanon's web

SECURING the establishment of a powerful central authority in Lebanon — one that would be able to extend its writ throughout Lebanese territory and, ideally, align itself with Israel — has been set as one of the major aims in the escalated Operation Peace for Galilee. How Israel is to go about achieving this aim is, however, not very clear, except that the Maronite Phalanges will have a leading role in whatever arrangement emerges.

One idea that has been bandied about appears to owe something to the relative success Major Sa'ad Haddad has had in welding together a pro-Israel Christian-Shi'ite militia in the south. A similar experiment, it is evidently thought, would be possible on a grander scale, involving an alliance between Bashir Jemayel's Phalanges and the Shi'ite Amal.

Such an alliance, were it to emerge, would have a very good chance of imposing its authority on Lebanon — particularly as, together, the Maronites and the Shi'ites account for at least half of the country's population.

(The latest estimates put the Maronites at 20 per cent, and the Shi'ites at 30 per cent.)

In practice, though, the chances of such an alliance appear to be uncertain. Ever since the Shi'ites began to organize in the 1960's, they have challenged both the concept of Maronite hegemony, which no longer reflects demographic reality, and Lebanon's laissez faire economic system, which has worked to the benefit of the largely urban Christians and to the disadvantage of the mainly rural Shi'as.

In order to forge any sort of alliance with the Shi'as, the Maronites would have to be willing to give up some of their traditional privileges. This is a notion to which Mr. Jemayel, the sole present contender for the presidency in the elections scheduled in late September, does not at present seem to be inclined.

Even if such a Maronite-Shi'ite alliance were possible, there is no assurance that it would choose to align itself with Israel.

For one thing, as Maronite leader Camille Chamoun has broadly hinted, Lebanon cannot be too far out of step with the rest of the Arab world, even after the example set by Egypt. The Maronites themselves are well aware that Lebanon's prosperity always rested largely on its special position as an economic link between the Arab world and the West. They fear this position could be threatened if Lebanon were to take a bold independent move towards peace with Israel.

Moreover, the Maronites are also aware of Syria's stake in Lebanon, a country Damascus has never recognized, refusing to exchange ambassadors with it, and which it felt free in 1975 to invade massively in pursuit of its strategic interests. For any stable regime to emerge in Beirut, it would have to seek to normalize relations with Syria, thus paving the way for the withdrawal of Syrian forces from the country.

Given present political realities, such a normalization with Syria, assuming it is possible, would not be easy to reconcile with normalization with Israel.

The attitude of the Maronites potential partner, the Shi'ites, to the idea of a special relationship with Israel is also in doubt, despite the experience in southern Lebanon. It must also not be forgotten that the Amal's basic political orientation is on Khomeini's Iran, one of Israel's most implacable foes.

Suppose, however, that Lebanese normalization with Syria turns out to be impossible: in that case Mr. Jemayel, going it alone, might throw in his lot exclusively with Israel. For its part, Israel might be sorely tempted to throw its full political and military weight behind Mr. Jemayel in his quest to preside over Lebanon. But in that case there would be the danger of Israel being drawn into the quagmire of Lebanese politics, with armed militias, each with its own outside Arab sponsor, battling it out.

Thus, while attention remains focussed on getting the PLO out of the country, other problems, that the government perhaps did not reckon with, loom in the background.

DIPLOMATIC EFFORTS

(Continued from Page One)

The Arafat plan calls for the establishment of a multi-national force, using American, French or other troops, which would deploy in West Beirut to enforce and oversee the 10 other articles of the blueprint, *Al-Nahar* said.

These articles include a total cease-fire, a simultaneous Israeli pullback from current positions surrounding Beirut, a PLO withdrawal from West Beirut into the refugee camps, and an international guarantee of the PLO's safety in the camps.

Once the mutual withdrawals are completed, the PLO would enter into talks with the Lebanese government to finalize details of the PLO evacuation from the Lebanese capital, under the supervision of the disengagement force, the Arafat plan proposes.

The PLO has adamantly refused to consider sea evacuation to neighbouring Syria under an escort from the U.S. 6th Fleet. This would be the "ultimate disgrace," it said. Habib has suggested that the French, Canadian, Belgian or Greek navies could be used to replace the 6th Fleet in evacuating the estimated 8,000 fighters from West Beirut. But the PLO seems determined to refuse any sea evacuation.

Meanwhile, an unidentified PLO official is quoted as saying that the

organization wanted the next step in the negotiation process to be direct talks with the U.S.

The official said that a western ambassador in Beirut had recently approached the PLO's number two man, Salah Khalaf (Abu Iyad), to arrange a meeting on behalf of the Americans.

He said the diplomat proposed that Abu Iyad meet a low-ranking member of Habib's delegation, but the suggestion was dismissed because the level of the contact "would have been too low."

"If the Americans want to solve this problem, they could do so by making the next step talks with us," the official said. He added that maneuvering for such contacts was one of the PLO's main objectives at the moment.

His sentiments were echoed by Hani Al-Hassan, chief political advisor to Arafat, who, when asked about the PLO's desire for direct contacts with the Americans, said: "Yes, that would help now."

He said his brother, Khalid Al-Hassan, who is a member of the central committee of the PLO's mainline Fatah organization, hoped to be included in the entourage of Saudi Arabian Foreign Minister Saud Al-Faisal when he visits Washington on Tuesday.

"But so far the American government is making trouble on this point... until now they haven't accepted," he said.

POSTSCRIPTS

PS. ENEMIES OF Israel usually go out of their way to stress that they have nothing against Jews, but sometimes they forget to make the distinction. Thus when Greville Janner, the Jewish Labour MP, rose in the House of Commons recently to ask

British Prime Minister Margaret Thatcher a question about unemployment in his constituency, colleagues from across the aisle began heckling him, asking "How can you ask about unemployment, when your army is massacring people in Lebanon." *H.S.*

SHADOWING SHARON

By MARK SEGAL

REPORTS from the cabinet room indicate an erosion in Defence Minister Ariel Sharon's standing among his fellow ministers, at a time when his popularity in the country at large is soaring.

Even Premier Menachem Begin has begun to question his defence minister's judgment on occasion, and increasingly refuses to grant him the *carte blanche* he obtained so easily in the first phases of Operation Peace for Galilee. The cabinet sources say that Begin has effectively joined the burgeoning group of ministers who insist on scrutinizing every proposal submitted to them by Sharon.

From early on in the war, two ministers in particular were restless about the way the defence minister kept presenting them with *faits accomplis* and then obtaining cabinet approval, both for retroactive moves and for the next step. Soon, however, Communications Minister Mordechai Zippori (Herut) and Energy Minister Yitzhak Berman (Liberal) found themselves supported in their scepticism by the two National Religious Party ministers, Dr. Yosef Burg (Interior) and Zevulun Hammer (Education), with Herut's Deputy Premier and Housing Minister David Levy a late-joiner, if a quiet one, to this group of Sharon watchdogs.

It is no wonder then that the minister has been overheard complaining that his real difficulties come from neither the Peace Now anti-war demonstrators nor from the opposition, but from his critics around the cabinet table.

SOME OF SHARON'S fellow ministers speak in terms of a growing disparity between popular sentiment and the thinking inside the cabinet. The outstanding example, they say, is the growing public pres-

sure to send the army into west Beirut.

These cabinet sources say that Sharon's public relations machinery, which they consider to include the Educational TV afternoon programme, *Peace for Galilee*, has contributed to the growing acceptance of such slogans as "Let's finish the job" in the public mind.

However, inside the cabinet there is said to be growing reluctance about making any move into west Beirut because of the wider, international implications for Israel. Some ministers are concerned at the lack of public understanding of the likely ramifications of such a move.

THE MOST interesting development inside the cabinet, as mentioned above, has been the decline in Sharon's credibility among his peers. As one minister told me: "Arik's veracity threshold was never high at the best of times, now it has hit bottom."

A number of ministers, it was said, complained about Sharon's "salami tactics" during the last three weeks.

ANOTHER example involved the premier's anger over the leaked report that the U.S. intended sending in Marines. That fact had been known only to six of the 19 ministers — the Premier, Defence Minister Sharon, Deputy Prime Minister Simcha Ehrlich, Foreign Minister Yitzhak Shamir, Dr. Burg and Labour and Social Welfare Minister Aharon Uzan.

At last Wednesday's cabinet meeting, Begin expressed his anger, arguing that "the friendship between a member of this government and (Israel radio correspondent Shimon) Shiffer is doing harm to the State of Israel."

Notwithstanding the subsequent

denials by the prime minister and the defence minister, the impression gained at the session was that Sharon was the target of Begin's ire. Sharon, the sources noted, had previously manipulated the radio reporter to get a point over.

When Begin protested that the aim of the leak was "to scuttle the negotiations," the other ministers were only too well aware of the longstanding differences between the Premier and Sharon on an American role in the peace process.

SHARON HAS consistently opposed any direct U.S. involvement and he made this point very clear in the post-Sinai withdrawal deliberations when he objected to American participation along with Jerusalem and Cairo in delineating the disputed borderline at Taba.

Begin's argument was that Israel's great ally had been instrumental in bringing about the peace treaty with Egypt and had been one of the authors of the Camp David framework agreements, and hence must also be involved in its later stages.

Similarly, Begin continues to be a strong advocate of a Pax Americana for Lebanon, which he sees as the best guarantee for Israel's security. Sharon, on the other hand, would prefer to enjoy a free hand in pursuing his grand design in Lebanon, which includes the induction of the Phalangist leader Bashir Jemayel as president of Lebanon in the September elections.

MUCH OF THE SUSPICION surrounding Sharon derives from the anti-Sharon forces' growing conviction that he increasingly tends, in their words, to talk out of both sides of his mouth.

Indeed, one minister told me that the defence minister was a fine

Dry Bones



exponent of Orwellian "Double-Speak," namely, of using a phrase when he really meant the opposite. Thus, in "Sharonpeak," a loud protestation that there are no plans to move on Tripoli has set off alarm bells among cabinet opponents of any deeper involvement of the IDF inside Lebanon.

Apparently, two of the Sharon watch dogs usually exchange their own interpretations of the defence minister's real intentions, based on his nuances and his revealing involuntary facial twitches.

Likewise they charge Sharon with having provided himself with an alibi: about the disposal of west Beirut.

Initially he spoke in terms of using the Israel Air Force against the terrorist strongholds in largely Moslem Beirut.

But Sharon had been careful to go on record as being opposed to moving into west Beirut.

These ministers are now saying privately that if things do not work out in west Beirut the defence minister had prepared a "stab-in-the-back" scenario to be employed against both the opposition and the five cabinet doubters. His use of the term "poisoners of wells," to decry his domestic critics in a recent TV interview, was considered an open-ended shot in a home-front campaign.

It is not unconnected, my sources claim, with the emerging fight for the succession inside Herut. Not for nothing did Premier Begin agree to postpone the Herut national convention, where a pro-Sharon groundswell could have been expected so soon after the campaign in Lebanon. Here Begin was remarkably in tune with the strong anti-Sharon movement inside his own party.

The writer is The Jerusalem Post's political correspondent.

READERS' LETTERS

URI AVNERI'S INTERVIEW WITH ARAFAT

To the Editor of The Jerusalem Post

Sir, — The Avneri-Arafat interview should send a shock wave of alarm through the nation. It was a sickening enough spectacle to observe the cringing servility with which Avneri listened to His Master's Voice. But it was far more sickening — and alarming — to watch the interview being broadcast by Israeli television.

Whoever authorised the broadcast must certainly have realized that it was a piece of blatant pro-Arafat propaganda. The portrayal of Arafat as a kindly father figure, fondling a child in proof thereof, is a revolting travesty of the truth when one considers the various atrocities for which the PLO has been responsible. The broadcast was one more example — this time a singularly extreme one — of the way in which the Broadcasting Authority has consistently shown programmes whose only effect can be to cause demoralization.

In reply to criticism, we shall no doubt hear plaintive cries about Freedom of the Press, and Democracy. But a democracy which allows its own media to spread demoralization ceases to be a democracy. Even democracies are in need of some internal discipline, for otherwise they degenerate into utter chaos and confusion.

PROFESSOR J.M. YOFFEY

Jerusalem.

CALL FOR UNITY

To the Editor of The Jerusalem Post

Sir, — In your editorial of July 4, "Beyond the debate," you stress that "much of the domestic criticism of the course taken by the war could have been avoided had Mr. Begin, at the outset, brought the Labour Party chiefs into his confidence and set aside party divisions."

I recall on two occasions that Mr. Peres was interviewed on television after meeting with Mr. Begin. He was adamant about his refusal to join the government.

You emphasize the urgent necessity of "some fresh thinking about the dangers and opportunities created by the war." Surely the time is ripe to hope that the Palmist's plea for "brethren to dwell together in unity" will not fall on deaf ears.

Dr. BENJAMIN SAMUEL

Nahariya.

LEBANESE SUPPORT

To the Editor of The Jerusalem Post

Sir, — Watching the Lebanese poetess, May Murr, on TV the other night and reading about her strong support for Israel's action in Lebanon, I cannot help wonder whether Mrs. Murr voices her feelings abroad too. It would certainly enlighten the millions of Lebanese living outside Lebanon who have remained amazingly silent during the operations — and for that matter during the past seven years. Or would this perhaps be interpreted as promoting the cause of Israel?

RINA NAHUMI

Tel Aviv

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FUTILITY OF WAR

To the Editor of The Jerusalem Post
Sir, — Since war is the continuation of diplomacy (or the lack of it) by different means, we can now all congratulate ourselves that we have sacrificed another 300 or more Jewish lives and still unnumbered others, because during the last 15 years, our leaders, both Israeli and Jewish-American, were unable to agree on a constructive plan for the "West Bank."

The problem of the Palestinians is not going to be solved in Lebanon nor are we going to solve the intemperate Lebanese strife, short of permanent occupation. In the present state of moral bankruptcy, we'll be called upon to make still greater human sacrifices in 15 years. Dayan's plan of unilateral autonomy might not have worked, but at least we could have tried.

MANFRED GANS
Leonia, New Jersey.

SYRIAN JEWS

To the Editor of The Jerusalem Post
Sir, — Israel now has a rare and unique opportunity to rescue the oppressed Jews of Syria.

During Israel's recent strike into Lebanon, at least 6,000 PLO terrorists have been captured. Israel cannot treat them as POWs because that would be offering the PLO a form of recognition. On the other hand, Israel does not have the legal resources to put all 6,000 on trial.

Therefore, why not offer to exchange them for the 5,000 Jews being held in Syria?

Student Struggle (L.S.)

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